



MBOMBELA LOCAL MUNICIPALITY

FINAL 2012/2013 – 2014/2015 ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK

MBOMBELA LOCAL MUNICIPALITY

FINAL 2012/13 TO 2014/15 APPROVED ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

CPIX – Consumer Price Index Excluding Mortgage Costs

DORA – Division of Revenue Act

DPLG – Department of Provincial and Local Government

GDP – Gross Domestic Product

GRAP – Generally Recognised Accounting Practice

Equitable Share – A general grant paid to municipalities

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

MFMA – Municipal Finance Management Act (No 56 of 2003)

MIG – Municipal Infrastructure Grant

MPRA – Municipal Property Rates Act

MTREF – Medium-term Revenue and Expenditure Framework

NERSA – National Electricity Regulator South Africa

NT – National Treasury

Operational Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property

SDBIP – Service Delivery and Budget Implementation Plan

Adjustment Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury

Budget – The financial plan of a municipality

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

PART 1 – ANNUAL BUDGET

1.1 MAYOR’S REPORT

**2012/2013 MUNICIPAL BUDGET SPEECH BY THE EXECUTIVE MAYOR OF MBOMBELA LOCAL MUNICIPALITY, CLLR LC DLAMINI:
MBOMBELA CIVIC CENTRE COUNCIL CHAMBERS - 31 MAY 2012**

**The Honourable Speaker of council, Cllr J, Sidell
Honourable Chief Whip of council, Cllr P. Manana**

Honourable Members of the Mayoral Committee

Honourable Party Whips of Opposition Parties

Honourable Councillors

Honourable Traditional Leaders present

Members of Ward Committees present

Acting Municipal Manager

Senior Management of the municipality

Members of the media

Ladies and Gentlemen

Good afternoon

It is indeed a defining moment for us as new council of this municipality that finally we have crafted a document that we will collectively own as it is a result of our own ideas and inputs of those communities we serve. We say this Honourable Speaker because the budget we are presenting here today will not be adopted as a stepchild but we have all contributed into shaping and allocation of funds to the critical issues facing Mbombela.

Honourable Speaker, I am humbled by the fact that despite all those uncertainties and hardships this municipality has had to overcome, this city still had confidence in me to lead the team and steer the ship to calmer waters. Simply put, I am saying ***“Ebenezer, usihole kwaze kwaba lapha!”***

I believe, Honourable Speaker that this institution has the capacity and expertise to achieve even greater things only if all our energies are channelled to the right direction and the mandate is clear to all involved.

Honorable Speaker and members of council, I need to point out that as we prepare and put this budget together, we were mindful of the fact that the municipality does not exist in isolation or somewhere in space so it will always be influenced by what happens globally, regionally (SADEC), nationally and of course provincially.

What we table here before you, Honourable Speaker and members of this house, is indeed informed by all these trends mentioned above and the priorities our government has put before us but more importantly what our people out there have been crying for, which have been summed up into five (5) priorities of Government at both national and provincial level. Government has committed itself to make a difference in the lives of people by addressing five key priority areas. They are education, fighting crime and corruption, health, employment and rural development.

But realistically, we are influenced by the priorities raised by our own communities when we engaged them through the IDP consultative meetings and the reality that faces us daily that of acute shortage of basic needs like water. **My message to this honourable house is that this budget should be about the people’s needs and not our own dreams.**

We are also reminded that this budget should not just be a wish list but is constitutional and regulatory mandate as per the Constitution of the Republic of South Africa and the National Spatial Development Perspective (NSDP).

Objects of local government (South African Constitution) - s 152

1. The objects of local government are:

- a. to provide democratic and accountable government for local communities;
- b. to ensure the provision of services to communities in a sustainable manner;
- c. to promote social and economic development;
- d. to promote a safe and healthy environment; and
- e. To encourage the involvement of communities and community organizations in the matters of local government.

2. A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Developmental duties of municipalities (South African Constitution) - s 153

A municipality must:

1. structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
2. Participate in national and provincial development programmes.

NATIONAL SPATIAL DEVELOPMENT PERSPECTIVE (NSDP)

1. **Rapid economic growth** that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, amongst which poverty alleviation is key;
2. **Government has a constitutional obligation to provide basic services to all citizens (e.g. water, energy health and educational facilities) wherever they reside;**
3. **Beyond** the constitutional obligation identified in Principle 2 above, **Govt spending** on fixed investment, **should be focused on localities of economic growth and/or economic potential** in order to:
 - gear up private sector investment
 - stimulate sustainable economic activities
 - create long-term employment opportunities
4. Efforts to address past and current social inequalities should **focus on people not places**
 - In localities where there are both high levels of poverty and development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities

- In localities with low development potential, Government spending should focus on providing social transfers, human resource development and labour market intelligence which would enable people to become more mobile and migrate to localities that are more likely to provide sustainable employment or other economic opportunities; and
- 5. In order to overcome the spatial distortions of Apartheid, future settlement and economic development opportunities should be channeled into **activity corridors and nodes that are adjacent to or link the main growth centres**
 - Infrastructure investment should primarily support localities that will become **major growth nodes in South Africa and the SADC region** to create regional gateways to the global economy

PREPARATION FOR 2012/2013 – 2014/2015 ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

Honourable Speaker, in preparing 2012/2013 – 2014/2015 annual budget and medium-term revenue and expenditure framework (MTREF), we had two main objectives in our minds to be achieved over the medium-term namely;

- (a) To stabilize the financial situation in the short-term and achieve financial sustainability over the medium and long-term; and
- (b) To ensure eradication of backlogs relating to services infrastructure such water, roads and storm water systems, electricity and sanitation.

Notwithstanding the aforementioned objectives, we had to consider and comply with certain budgeting principles, priorities, and assumptions required in terms of legislative framework and best financial management practices in the local government sector.

THE MAIN FUNDAMENTAL BASES FOR THE COMPILATION OF THE 2012/2013 – 2014/2015 ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK

1. THE MAIN NATIONAL PRIORITIES OVER THE MEDIUM-TERM - INFRASTRUCTURE DEVELOPMENT AND CREATING DECENT EMPLOYMENT OPPORTUNITIES

The national government's main priorities for the medium-term is services and social infrastructure development and job creation, and therefore the focus and priorities of all spheres of government should be geared towards the achievement of this priorities.

As we were preparing our next five year integrated development plan we needed to ensure that our plans and budgets are redirected towards the achievements of these priorities.

In finalizing our 2012/13 budget and MTREF we need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Extended Public Works Programme (EPWP).

The municipality should also play a critical role in creating an enabling environment for investments and other activities that could lead to job creation.

2. TAKING THE 2011 LOCAL GOVERNMENT AND EXPENDITURE REVIEW BY THE NATIONAL TREASURY FORWARD

The Review highlights the following areas as requiring particular attention:

- (a) **Revenue management** – To ensure the collection of revenues, municipalities need to ensure that billing systems are accurate, send out accounts to residents and follow up to collect revenues owed.
- (b) **Collecting outstanding debts** – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households.
- (c) **Pricing services correctly** – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities.
- (d) **Under spending on repairs and maintenance** – Often seen as a way to reduce spending in the short term, under spending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services.
- (e) **Spending on non-priorities** – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks.

In preparing our budget the matters highlighted above have been taken into account as these matters are critical for financial sustainability and efficient service delivery.

3. HEADLINE INFLATION FORECASTS AND OUTLOOK FOR DOMESTIC ECONOMIC GROWTH

We have adopted a conservative approach when projecting our revenue and cashflow for the medium-term due unfavourable and unstable global and national economic situation. Unemployment remains high, resulting in municipal revenue and cashflows become under pressure over the medium-term.

(a) Headline inflation forecast over the medium-term

The South African Reserve Bank inflation forecast and outlook for domestic economic growth, quote from Statement of the Monetary Policy Committee issued on 19 January 2012;

“The inflation forecast of the Bank has been subject to a further upward revision. Inflation is now expected to remain outside the upper end of the target range for the whole of 2012, and to peak in the second quarter of 2012 at around 6,6 per cent before declining gradually and returning to within the target range in the first quarter of 2013. Inflation is expected to measure 5,5 per cent in the final quarter of 2013”

The inflation forecast used as basis for the adjustment of municipal tariffs and other charges has been applied as contained on MFMA Circular 59, which states that the inflation forecast for 2012/2013 financial year will be 5.9 per cent, slowing down to 5.3 per cent and 4.9 per cent in 2013/2014 and 2014/2015 respectively.

(b) Economic outlook over the medium-term

The South African Reserve Bank inflation forecast and outlook for domestic economic growth, quote from Statement of the Monetary Policy Committee issued on 19 January 2012;

“According to the South African Reserve Bank’s forecast, the annual real growth rate in 2011 is estimated to have been in the region of 3,1 per cent, but the outlook for 2012 and 2013 has deteriorated relative to the previous forecast, mainly due to a downward revision to the global growth assumption. Growth in 2012 is expected to average 2,8 per cent compared with 3,2 per cent in the previous forecast, while the forecast for growth in 2013 has been revised down from 4,2 per cent to 3,8 per cent”

Quote from 2012 Budget Speech delivered by the Minister of Finance on 22 February 2012 on economic outlook;

“The South African economy has averaged about 3 per cent growth a year since 2009. Against the background of the slowdown in the global economy, real GDP growth is likely to fall to about 2.7 per cent in 2012”

“We expect a recovery to 3.6 per cent and 4.2 per cent growth in 2013 and 2014, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer”

We have applied the International Fischer Effect principle to determine the nominal rate adjustment on the municipal tariffs and other charges adjustments for 2012/2013 and over the medium-term by taking into account inflation and economic outlook forecast in accordance with the statistical information provided by the relevant authorities.

4 REVENUE ENHANCEMENT ASSUMPTIONS

(a) Grants allocations

The total grants allocated to the municipality in terms of the 2012 Division of Revenue Act, amounts R1 891 billion over the medium-term and the total allocation for 2012/2013 is R611 million. The total grant in-kind allocation over the medium-term amounts to R83 million.

- (i) The unconditional grants amount to R1 060 billion over the medium-term and the allocation for 2012/2013 budget year amounts to R321 million;
- (ii) The conditional grants amounts to R831 million over the medium-term and the allocation for 2012/2013 budget year amounts to R290 million; and
- (iii) The grants in-kind allocation for the 2012/2013 budget year amounts to R18 million.

(b) Revising of rates, tariffs and other charges

In revising the rates, tariffs and other charges for 2012/13 budgets and MTREF, we took into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality. And the need to ensure financial sustainability, local economic conditions and the affordability of services and taking into consideration the municipality's indigent policy.

The National Treasury is advising municipalities in terms of MFMA Circular 58 to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

To ensure the municipality continue to efficiently deliver services, eradicate backlogs in term of services and social infrastructure, maintain, upgrade and renew the existing infrastructure as well as ensuring financial stability and long-term sustainability, the increase of rates, tariffs and other charges over the medium-term is proposed to be as follows;

The average increase on rates and service charge tariffs for 2012/2013 will be 9.65 per cent and 9.44 per cent over the medium-term.

- (i) Property rates tariffs are proposed to increase by 6.5 per cent in 2012/2013, 6.7 per cent and 6.5 per cent in 2013/2014 and 2014/2015 respectively;
- (ii) Water services charge tariffs in the municipal supply areas will increase by 9.75 per cent in 2012/2013, subsequently by 9.4 per cent and 9.2 per cent in 2013/2014 and 2014/2015 respectively in the municipal supply areas;
- (iii) Electricity services charge tariffs are proposed to increase by an average of 12 per cent in 2012/2013, subsequently by 11 per cent in 2013/2014 and 2014/2015 respectively;

- (iv) Waste water and sewerage service charge tariffs are proposed to increase by 9.75 per cent in 2012/2013, subsequently by 9.4 per cent and 9.2 per cent in 2013/2014 and 2014/2015 respectively in the municipal supply areas;
- (v) Other sundry charge tariffs are proposed to increase by 11 per cent for 2012/2013 and the outer two years; and
- (vi) The increase for water, waste water and sewerage in the areas where Semcorp - Silulumanzi is providing the services will increase by 10.42 per cent in 2012/2013.

(c) The ability of municipality to collect revenue

The municipality has revised its revenue enhancement strategy to respond to the challenges encountered in revenue generation and collection which is regarded as the pillar of financial stability and sustainability of the municipality over the medium-term.

The strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The revised strategy has been approved by the municipal council on 25 October 2011.

The set targets for collection of revenue over the medium-term on current account for rates and services charge is 92 per cent in 2012/2013 and, 92 per cent and 94 per cent in 2013/2014 and 2014/2015 respectively. The collection of outstanding debt has been projected to an average of 14 per cent per annum or 1.15 per cent per month. And outstanding debt over the medium-term is projected to decrease by an average of 10 per cent over the medium-term due to the robust implementation of the revenue enhancement strategy and our theme is; ***“Let us make revenue management everyone’s business in the municipality”***

(d) Introduction of a flat rate in peri-urban and unformalised areas

All citizens of the municipality who have the ability to pay for municipal services should make such contributions to the municipal coffers to ensure the developmental objectives and priorities of the municipality are achieved.

We will be introducing a flat rate charge of R50.00 per month to be paid by all households who have the ability to pay in the peri-urban and unformalised areas. The introduction of the flat rate will happen after feasibility study and public participation and consultative processes have been conducted during the first quarter of 2012/2013 financial year.

The affected households will be informed of the commencement of the flat rate payment during the public participation process. The municipality would utilise the funds collected through the flat rate to fast track development of these areas.

5. OPERATING EXPENDITURE GUIDELINES AND ASSUMPTIONS

The operating expenditure will increase by an average of 9.6 per cent in 2012/13, 9 per cent in 2013/14 and 7 per cent in 2014/15. The increases on key cost or expenditure drivers are as follows;

- (a) The employees remuneration cost will be increased by 7.5 per cent and an additional 3.7 per cent has been included on the budget for filling of critical positions in 2012/2013 and subsequently, increasing by 6.6 per cent and 6.4 per cent respectively over the medium-term;
- (b) The electricity bulk purchase will increase by 13.5 per cent as per approval given to Eskom by the National Energy Regulator of South Africa; and
- (c) With the implementation of cost and accounting management processes and systems in 2012/2013 financial year, we will be able to effectively allocate and trace costs to primary services such as water, electricity, roads and stormwater management, waste management, sanitation etc. The implementation of these systems will improve cost rationalization and management in the municipality.

6. CASH BACKING PROVIDED IN CAPITAL REPLACEMENT RESERVES

As part of the financial strategy to improve the financial situation and sustainability over the long-term, the municipality would be setting a side on an annual basis cash equivalent to 3 per cent of its annual operating revenue, excluding grants allocation on annual basis to ensure the capital replacement reserve becomes fully cash-backed over the medium-term.

7. CAPITAL EXPENDITURE OVER THE MEDIUM-TERM

The funding of the capital expenditure will be sourced from conditional grants allocations, external loans (borrowings) and internal reserves. The availability of the internal reserves will largely depend on the collection of outstanding debts over the medium-term.

The leverage of financial pressure or burden of the current ratepayers and users of municipal services will have to be considered so that the cost of infrastructure development and renewal should be evenly spread to future ratepayers and users of the municipal services and not burden the current ratepayers and user of municipal services with huge tariff increases as it is will compromise the affordability and sustainability.

And therefore there is a need to consider during the medium-term to fund part of the municipal infrastructure development programme through long-term borrowings. The funds to be obtained from these sources should be earmarked for new, upgrade, refurbishment, replacement and

renewal of revenue generating infrastructure so that the municipality is able to generate sufficient revenue to service and repay the loans when they become due.

The municipality has been conservative in its approach for funding of the infrastructure development and renewal using borrowed capital.

Council has on its meeting held 29 March 2012 authorise the Municipal Manager to commence with the process of borrowing of an amount of R300 million from the capital market over the medium-term, R100 million to be borrowed during 2012/2013 and R200 million to be borrowed during 2014/2015 to supplement the funding of the capital expenditure.

Furthermore, the municipality would be pledging conditional capital grants amounting to R325 million for the outer two years namely; 2013/2014 and 2014/2015 financial years as per the 2012 Division of Revenue Act, following the processes outlined on the Municipal Finance Management Circular 51.

The pledging of the conditional grants is required in order to bring forward to 2012/2013 and 2013/2014 the funding indicated on the Division of Revenue Act so that a bridging finance can be obtained from financiers for the purpose of fast tracking and dealing with the pressures of services infrastructure backlogs eradication.

8. PROVISION OF FREE BASIC SERVICES TO THE INDIGENTHOUSEHOLDS

To ensure indigent households have access to basic services, the municipality would be providing free basic services on water, electricity and sewerage and also provide rebates and subsidies on property rates and refuse removal charges.

9. PRESENTATION OF THE 2012/2013 – 2014/2015 ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK

Honourable Speaker I hereby table the following budget to the municipal council for consideration and approve as per item A(2) on the council agenda;

- (a) The total budget for 2012/2013 will amount to R2 244 billion, with R1 703 billion allocated for operating expenditure and R542 million allocated for capital expenditure. The total budget increases by R157 million (8 per cent) to R2 244 billion in 2012/2013 financial year compared to the 2011/2012 budget and increases by R455 million over the medium-term to R2 543 billion.

The operating expenditure budget increases by R151 million (10 per cent) to R1 703 billion in 2012/2013 financial year and overall increases by R410 million to R1 963 billion over the medium-term.

Capital expenditure budget increases by R6 million (2 per cent) to R542 million and overall increases by R23 million to R559 million over the medium-term.

(b) The total budget allocation for the outer two financial years, 2013/2014 and 2014/2015 amounts to R2 409 billion and R2 543 billion respectively. The capital budget for 2013/2014 and 2014/2015 amounts to R554 million and R559 million respectively.

(c) The allocation of the 2012/2013 budget to key operating expenditure drivers is as follows;

- (i) The employees' remuneration cost will amount to R431 million in 2012/2013 due to an increase of R45 million (12 per cent) and the expenditure to the total operating revenue budget, excluding conditional grants is 29 per cent. The employees remuneration cost will increase to R533 million in 2014/2015 financial year and the expenditure to the total operating budget will remain at 29 per cent.

Included in the employees remuneration cost budget is an amount of R66 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation plan of the new organizational structure approved by council, under item A(65) of 27 October 2011.

- (ii) The bulk purchase expenditure is mostly expenditure for bulk electricity purchase from Eskom and will increase to R381 million due to an increase of 13.5 per cent given to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2012.
- (iii) The depreciation cost will be R288 million make up 17 per cent of the total operating expenditure and is about 6 per cent of the total assets carrying value of R5 178 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

- (v) A total of R93 million has been allocated during the 2012/2013 financial year for repairs and maintenance of the municipal infrastructure and assets, increasing to R110 million in 2014/2015, resulting in an increase of 18 per cent over the medium-term.
 - (vi) The budget allocation for provision of free basic services is R45 million in 2012/2013 and the allocation increase to R56 million in 2014/2015.
- (d) The operating expenditure will be funded from the main revenue streams of the municipality comprising of rates, services charges and unconditional grants. These revenue streams are expected to provide total revenue of R1 759 billion in 2012/2013, increasing to R2 086 billion in 2014/2015. The revenue streams will contribute as follows to the required total revenue;
- (i) The revenue to accrue from services charge, comprise of electricity, refuse removal, water and sewerage will amount to R669 million in 2012/2013 and makes 33 per cent of the total revenue budget;
 - (ii) The revenue to be accrued from property rates will amount to R281 million in 2012/2013 and makes 22 per cent of the total revenue budget;
 - (iii) Operating or unconditional grants comprising of equitable share, water operating subsidy grant etc. will amount to R321 million in 2012/2013, is about 18 per cent;
 - (iv) Revenue to be recognised from conditional grants after the grants have been utilized for the intended purpose will amount to R293 million, contributing 17 per cent to the total operating revenue budget; and
 - (v) Other income will amount to R184 million, contributing 10 per cent to the total operating revenue.
- (e) We need to emphasis that this is a balanced and fully funded budget that would bring financial stability and long-term financial sustainability. And this can be proved by the projected operating surplus of R56 million in 2012/2013 and subsequent operating surpluses of R122 million and R102 million in 2013/2014 and 2014/2015 respectively.

And the projected cash balance for 2012/2013 will be R134 million and the subsequent cashflow balances at year-end will be R210 million and R298 million in the outer two years.

Honourable Speaker, the municipality is still faced with challenges of services backlogs, in particular the provision of water to our communities, lack of proper roads and stormwater system, lack of access to electricity and decent sanitation facilities in the eastern axis. We have during the preparation of our Integrated Development Plan for 2012 – 2017 come across these realities through the public participation and consultative processes.

The 2012/2013 capital expenditure budget was prepared to ensure the services backlogs in terms of services infrastructure development, upgrade and refurbishment are addressed over the medium-term, although it will not be possible to eradicate all the backlogs within the next three years. The allocation of the capital expenditure budget has been done in accordance with the priorities of the national, provincial and local communities.

The total capital expenditure budget for 2012/2013 is estimated at R542 million and over the medium term it will be R1 654 billion, about R1 136 million (68 per cent) has been allocated towards service infrastructure development, upgrade and refurbishment and the balance of R518 million (32 per cent) has been allocated towards social and institutional infrastructure development, upgrade and refurbishment.

(a) The allocation of the capital expenditure budget towards the four main priorities of the municipality is as follows;

(i) For bulk water infrastructure, including construction and refurbishment of water reservoirs and water reticulation networks, allocated R131 million in 2012/2013 and R447 million over the medium-term;

- Four water package plants will be built at a cost of R16 million in 2012/2013 in Jerusalem, Mshadza, Dwaleni and Manzini;
- Nyongane, KaNyamazane and Karino Water Treatment works and other bulk water supply works will be upgraded at a cost of R48 million in 2012/2013;
- Upgrade of two water purification plants and six reticulation networks has been allocated R28 million in 2012/2013; and
- R39 million will be spent on other water related infrastructure upgrade, refurbishment and replacement.

(ii) For construction and upgrade of roads and stormwater systems, allocated R111 million in 2012/2013 and R302 million over the medium-term;

- Seven bus routes will be upgraded to tarred roads at a cost of R33 million in 2012/2013;
- R46 million has been allocated towards upgrade of internal streets and stormwater systems in Hazyview, KaNyamazane, Matsulu; and
- R32 million will be spent on other roads and stormwater infrastructure in 2012/2013.

(iii) For electrification of households, upgrade and refurbishment of existing electricity reticulation networks, allocated R57 million in 2012/2013 and R203 million over the medium-term; and

- 2 903 households will be electrified at a cost of R29 million in 2012/2013;
- Three substations will be upgraded at a cost of R17 million in 2012/2013; and

- R11 million has been allocated to other electricity infrastructure upgrade and refurbishment.
- (iv) For provision of decent sanitation facilities, and upgrade and refurbishment of the existing wastewater infrastructure, R51 million in 2012/2013 and R184 million over the medium-term.
- Installation of VIP toilet facilities will be done to 1 867 households in 2012/2013 at a cost of R14 million;
 - An amount of R21 million has been allocated for upgrade of six sewerage internal networks in Hazyview, Kaapsehoop, Nelspruit and White River;
 - One wastewater works will be upgraded at a cost of R12 million; and
 - Other sanitation and sewerage infrastructure upgrade and refurbishment will be done at a cost of R4 million in 2012/2013.
- (b) The capital expenditure budget allocation to other important priorities is as follows;
- (i) The municipality has been granted a public transport authority status by the National Department of Transport and therefore amount of R186 million has been allocated for the next two years for institutional arrangements and infrastructure in relation to public transport system;
- (ii) An amount of R56 million will be spent over the medium-term on development of townships in three areas namely; Magiesdal, Tekwane-South and North, Friedenheim and White River for integrated human settlement;
- (iii) An amount R6 million has been allocated for the capital expenditure linked to the possible hosting of the 2013 African Cup of Nations. The full cost of hosting of the tournament will be determined once roles and responsibilities have been finalized; and
- (iv) The remaining balance of the capital expenditure budget is allocated to waste management and greening, R20 million; rural development, R3 million; economic development, R15 million; good governance, R18 million and financial management, R5 million.

As I conclude, Honourable Speaker our appreciation goes to the citizenry of Mbombela for the belief they have shown in the municipality and the ruling party and the other parties in Council that indeed it will deliver on the mandate and we dare not fail them.

Our appreciation also goes to the Financial Services Department team, Corporate Strategy and the Office of the Acting Municipal Manager and the entire Senior Management team of the municipality for the continued support they continue to give the leadership.

To this end Honourable Speaker and the esteemed members I hereby table this annual budget and medium-term revenue and expenditure framework for your consideration and approval.

I thank you

1.2 COUNCIL RESOLUTIONS

On 31 May 2012, under item A(2), the council of Mbombela Local Municipality met in its council chambers to approve 2012/2013 – 2014/2015 Medium-Term Revenue and Expenditure Framework and resolved that;

- (a) Council take note of the contents of the report;
- (b) the final budget and medium term revenue and expenditure framework (MTREF) consisting of an operating and capital budget for the 2012/2013 – 2014/2015 financial years, as reflected in the below schedule, be approved:

Description	2009/2010 Actual (R'000)	2010/2011 Actual (R'000)	2011/2012 Estimate (R'000)	2012/2013 Forecast (R'000)	2013/2014 Forecast (R'000)	2014/2015 Forecast (R'000)
Operating Budget	1 048 439	1 574 957	1 552 606	1 703 255	1 855 104	1 984 263
Capital Budget	1 296 223	574 048	535 596	541 568	553 778	558 538
Total Budget	2 344 662	2 149 005	2 088 202	2 244 823	2 408 672	2 542 801

- (c) the final operating and capital projects expenditure budgets for the 2012/2013 – 2014/2015 financial years (**annexures 487/2012 and 488/2012**) be approved;
- (d) the annual budget for the financial year 2012/2013, indicative allocations for the two projected outer years 2013/2014 and 2014/2015 and the multi-year and single year capital appropriations as set-out in the new budget and reporting regulations (**annexure 489/2012**), be approved as follows:
- Budgeted Financial Performance (revenue and expenditure by standard classification)
 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - Budgeted Financial Performance (revenue by source and expenditure by type)
 - Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source;

- (e) the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the new budget and reporting regulations in the following tables and in **annexure 489/2012**, be approved:
- Budgeted financial position
 - Budgeted cash flows
 - Cash backed reserves and accumulated surplus reconciliation
 - Asset management
 - Basic service delivery measurement;
- (f) in terms of sections 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 06 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out below, that were used to prepare the estimates of revenue by source, be approved for implementation with effect from 1 July 2012:

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Electricity	30%	31.27%	19%	20.38%	12%	11%	11%
Water	8%	8%	7%	8%	9.75%	9.4%	9.2%
Sewer	8%	8%	6%	8%	9.75%	9.4%	9.2%
Refuse Removal	8%	9%	8%	10%	10.25%	10%	11.0%
Property Rates	8%	0%	3%	5%	6.5%	6.7%	6.5%
Other tariffs	8%	10%	6%	10%	11%	11%	11%
Semcorp-Silulumanzi Water and Sewerage	10%	10.99%	14.42%	9.74%	10.42%	CPI+3%	CPI+3%

- (g) the proposed tariff schedules as contained in the Mbombela Local Municipality's Tariff Booklet (**annexure 493/2012**) be approved;
- (h) The proposal to charge an affordable flat R50 flat rate per month for households who are not indigent in the Peri-Urban and unformalized areas be approved for Implementation in the 2012/13 financial year;
- (i) To implement (h) above, a public participation and feasibility study be conducted in the affected areas within the first quarter of the 2012/13 financial year and a report be brought to council by October 2012;

- (j) the free basic services package as set out below, be adopted for the medium-term 2012/2013 – 2014/2015 financial years:

Description of Services	Quantity	2009/2010 Actual (R-value)	2010/2011 Actual (R-value)	2011/2012 Estimate (R-value)	2012/2013 Forecast (R-value)	2013/2014 Forecast (R-value)	2014/2015 Forecast (R-value)
Free Basic Water and Sewer	6 kilolitres per month	21,778,407	32,198,002	35,417,802	39,322,615	43,018,941	47,492,911
Free Basic Electricity	50 kilowatts per month	4,500,000	5,355,000	6,785,321	9,271,462	10,291,323	11,423,368
Free Basic Refuse Removal	100% subsidy on tariff	1,534,560	1,626,634	1,789,297	2,169,970	2,386,967	2,649,534
Property Rates	Between 25% and 100% rebate	564,100	581,023	610,074	688,713	734,856	782,622
Total		28,377,067	39,760,659	44,602,494	51,452,760	56,432,087	62,348,435

- (k) Council take note that the final capital budget for 2012/2013 does not include any projects to be rolled-over from the 2011/2012 financial year;
- (l) a report on the preliminary roll-overs from the 2011/12 financial year be submitted to Council for approval before the start of the new financial year;
- (m) Council authorises the Municipal Manager to commence with the process of frontloading or pledging for conditional grants as prescribed in MFMA Circular number 51 (annexure 491/2012) as follows:
- (i) Municipal Infrastructure Grant (MIG) for an amount of R179 million over the medium term and R87 million for 2012/13 and R92 million for 2013/14 financial years;
 - (ii) Integrated National Electrification Programme Grant (INEP) for an amount of R4.8 million for the 2012/13 financial year;

- (n) Council authorises the Municipal Manager to commence with the process of the securing of the concessionary loan of an amount of R37 million for mainly electrification and water projects for the 2012/13 financial year;
- (o) note be taken of the independent financial assessment report (**annexure 490/2012**);
- (p) the Sembcorp/Silulumanzi 2012/13 budget (**annexure 492/2012**) be noted;
- (q) in order to complement capacity within the Technical Services Department, external capacity be sourced to fast track the implementation of projects in line with the funding model, including flagship projects that had been identified by Council.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and also promulgating its credit control and debt collection policy into a by law.

National Treasury's MFMA Circular No. 51, 54, 55, 58 and 59 were used to guide the compilation of the draft 2012/2013 – 2014/2015 annual budget and MTREF. The planning of the budget involved consideration of all factors, which had far reaching implications on the annual budget of the municipality.

The 2012/2013 – 2014/2015 budget and medium-term revenue and expenditure framework was prepared on the basis of the following priorities, guidelines and assumptions

1.3.1 National priorities

The national government's main priorities for the medium-term is services and social infrastructure development and job creation and therefore the focus and priorities of all spheres of government should be geared towards the achievement of this priorities.

As we prepare our next five year integrated development plan we need to ensure that our plans and budgets are redirected towards the achievements of these priorities. We need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Extended Public Works Programme.

The municipality should not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term.

The municipality ought to focus on maximizing its contribution to job creation by:

- (a) Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- (b) Ensuring that service providers use labour intensive approaches;
- (c) Supporting labour intensive Local Economic Development projects;
- (d) Participating fully in the Extended Public Works Programme; and
- (e) Implementing interns programmes to provide young people with on-the-job training.

The municipality should also play a critical role in creating an enabling environment for investments and other activities that lead to job creation.

1.3.2 Economic outlook and forecasts - headline inflation and gross domestic products forecasts

Unemployment increased from 21.8 per cent in the fourth quarter of 2008 to 25.7 per cent in the second quarter of 2011. Consequently, municipal revenues and cash flows are expected to remain under pressure in 2012/13 and so the municipality must adopt a conservative approach when projecting their expected revenues and cash receipts.

- (a) Headline inflation forecast over the medium-term

Fiscal year	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate
Headline CPI	3.3%	5.7%%	5.9%	5.3%	4.9%

The actual CPI for Mpumalanga Province was 6.7% at 31 December 2011 and it remained unchanged in January 2012.

The South African Reserve Bank inflation forecast and outlook for domestic economic growth, quote from Statement of the Monetary Policy Committee issued on 19 January 2012;

“The inflation forecast of the Bank has been subject to a further upward revision. Inflation is now expected to remain outside the upper end of the target range for the whole of 2012, and to peak in the second quarter of 2012 at around 6,6 per cent before declining gradually and returning to within the target range in the first quarter of 2013. Inflation is expected to measure 5,5 per cent in the final quarter of 2013”

(b) Economic outlook over the medium-term

“According to the South African Reserve Bank’s forecast, the annual real growth rate in 2011 is estimated to have been in the region of 3,1 per cent, but the outlook for 2012 and 2013 has deteriorated relative to the previous forecast, mainly due to a downward revision to the global growth assumption. Growth in 2012 is expected to average 2,8 per cent compared with 3,2 per cent in the previous forecast, while the forecast for growth in 2013 has been revised down from 4,2 per cent to 3,8 per cent”

Quote from 2012 Budget Speech delivered by the Minister of Finance on 22 February 2012 on economic outlook;

“The South African economy has averaged about 3 per cent growth a year since 2009. Against the background of the slowdown in the global economy, real GDP growth is likely to fall to about 2.7 per cent in 2012”

“We expect a recovery to 3.6 per cent and 4.2 per cent growth in 2013 and 2014, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer”

And therefore the general nominal rate increase on the municipality's tariffs for services and sundry charge for 2012/2013 – 2014/2015 budget and MTREF would be determined using the International Fischer Effect formula;

$$(1+rn) = (1+rr)(1+i)-1$$

rn = Nominal rate

rr = Real rate

i = Inflation (CPI)

2012/2013 financial year: $(1+rn) = (1+0.027)(1+0.059) - 1 = 8.76\%$

2013/2014 financial year: $(1+rn) = (1+0.036)(1+0.053) - 1 = 9.09\%$

2014/2015 financial year: $(1+rn) = (1+0.042)(1+0.049) - 1 = 9.30\%$

1.3.3 Revenue enhancement assumptions

(a) Grants allocations

The total grants allocated to the municipality in terms of the 2012 Division of Revenue Bill amounts R1 891 billion over the medium-term and the total allocation for 2012/2013 budget year is R611 million. The total grant in-kind allocation over the medium-term amounts to R83 million.

The unconditional grants amounts to R1 060 billion over the medium-term and the allocation for 2012/2013 budget year amounts to R321 million. The conditional grants amounts to R829 million over the medium-term and the allocation for 2012/2013 budget year amounts to R290 million.

The grants in-kind allocation for the 2012/2013 budget year amounts to R18 million.

The Municipal Infrastructure Grant (MIG) framework in the 2012 Division of Revenue Act provides that a maximum of five per cent may be used for project management costs that are directly related to infrastructure projects.

(b) Revising of rates, tariffs and other charges

When the municipality revised its rates, tariffs and other charges for the 2012/13 budgets and MTREF, it need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy.

For this reason municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. The key fundamental for the compilation of the medium-term budget has been the ability of the municipality to collect the revenue projected. As a result the medium-term budget is cashflow driven so that the municipality does not find itself in an unfavourable cashflow position in future.

To ensure the municipality continue to efficient deliver services, eradicate backlogs in term of services and social infrastructure, maintain, upgrade and renewal of the existing infrastructure as well as ensuring financial stability and long-term sustainability, the increase of rates, tariffs and other charges over the medium-term is proposed to be as follows;

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Electricity	30%	31.27%	19%	20.38%	12%	11%	11%
Water	8%	8%	7%	8%	9.75%	9.4%	9.2%
Sewer	8%	8%	6%	8%	9.75%	9.4%	9.2%
Refuse Removal	8%	9%	8%	10%	10.25%	10%	11.0%
Property Rates	8%	0%	3%	5%	6.5%	6.7%	6.5%
Other tariffs	8%	10%	6%	10%	11%	11%	11%
Silulumanzi – Water and Sewerage	10%	10.99%	14.42%	9.74%	10.42%	CPI+3%	CPI+3%

The municipality plans to generate revenue by bringing an average increase on rates and service charge tariffs for 2012/2013 will be 9.7% and 9.4% over the medium-term.

(c) Eskom bulk tariff increases

The Eskom price of bulk electricity supplied to municipalities will increase by 13.50% per cent on 1 July 2012. The municipality needs to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

(d) Water and sanitation tariffs must be cost-reflective

We need to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost-reflective – including the bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;
- Water and sanitation tariffs are structured to protect basic levels of service; and
- Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. However, all municipalities should aim to have appropriately structured, cost-reflective water and sanitation tariffs in place by 2014., as prescribed in MFMA Circular 58.

Due to the above, the water tariff adjusted will be 3.8% above the projected headline inflation forecast for 2012/2013 and MTREF

To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels.

(e) Solid waste tariffs

The municipality should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015, as prescribed in MFMA Circular 58. The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

(f) The ability of municipality to collect revenue (payment levels)

The payment level trend for the past three years and the forecast for the next mid-term, including current financial year estimate is as follows;

Description	Actual 2008/09	Actual 2009/10	Actual 2010/11	Estimate 2011/12	Forecast 2012/13	Forecast 2013/2014	Forecast 2014/2015
Payment Levels	92%	85%	97%	90%	92%	92%	94%

The summary of outstanding debts for the past three years, including current financial year estimate is as follows;

Description	2008/2009 Actual	2009/10 Actual	2010/11 Actual	2011/12 Estimate	2012/13 Forecast
Outstanding Debts	R 303 467 611	R331 151 658	R385 743 093	364,965,647	R345 607 354
Growth	22%	9%	16%	-5%	-5%

The Financial Service Department has revised the revenue enhancement strategy to respond to the challenges encountered by the municipality in revenue generation and collection. The strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The revised strategy has been approved by the municipal council on 25 October 2011 and it is believed that through the making revenue management everyone's business in the municipality, the fundamental objectives of the strategy will be achieved.

The set target for collection of revenue over the medium-term on current account for rates and services charge is as outlined on the table above and the collection on outstanding debt is an average of 14% per annum or 1.15% per month.

1.3.4 Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 9.61% in 2012/13, 9% in 2013/14 and 7% in 2014/15, except the key cost or expenditure drivers stated on the table below;

DESCRIPTION	% ADJUSTMENT
Salaries, Wages And Allowances	<ul style="list-style-type: none"> • 7.5% increase during 2012/13 and 3.7% of the employees cost is allocated for critical vacant posts. • 6.6% general increase during 2013/14 and 6% of the employees cost is allocated for critical vacant posts. • 6.5% increase during 2014/15 and 1.5% of the employees cost is allocated for critical vacant posts. • Although MFMA Circular 58 states that the increase should be 5% over the medium-term however our forecast based on wage agreements reached, annual increase is normal inflation plus 1% or 2%.

Remuneration of Councilors	6%, 5% and 5% increases for 2012/13, 2013/14 and 2014/15 financial year respectively.
General Expenditure: Bulk Purchase	NERSA has given Eskom increase of 13.5% for 2012/2013 financial year.
General Expenditure	15.5%, 5.1% and 3.7% increase for 2012/2013, 2013/2014 and 2014/2015 respectively.
Interest on external loan	12.7% increase if the proposed funding model is approved
Repairs and Maintenance	6% average increase in 2012/13, 10% average increase in 2013/14 and 6% increase in 2014/15. The budget on repairs and maintenance will be reviewed during 2013/2014 to be in line with norms set by the National Treasury on MFMA Circular 55 once all departments have updated their asset maintenance plans.
Special operating IDP Projects	13% increase in 2012/13 and average 10% for outer two years. The significant increase during 2012/2013 is mainly due to provision made for hosting of 2013 African Cup of Nations tournament and the UNWTO conference.
Provision for doubtful debts	Provision for 8% on the rates and services charge for 2012/13 and 2013/14 and then 6% for 2014/15.

1.3.5 Cash backing provided in capital replacement reserve

The municipality should develop a strategy to fund infrastructure (both new and replacement) that takes into account internally generated funds, borrowing, development charges, transfers and any other relevant source of capital funding. The municipality's capital replacement reserve must reflect the accumulated provision of internally generated funds designated to replace aging assets – it must therefore be fully cash-backed.

It is proposed that cash equivalent to 3% of the annual operating revenue, excluding grants allocation should be set-a-side on annual basis to ensure the capital replacement reserve becomes fully cash-backed over the medium-term.

1.3.5 Capital budget funding and projects

The funding of the capital expenditure will be sourced from conditional grants allocations, conditional grants pledging or frontloading from the two outer years' allocations (2013/14 and 2014/15) external loans (borrowings), Rural tip loan concessionary loan and internal reserves. The availability of the internal reserves will largely depend on the collection of outstanding debts over the medium-term.

The leverage of financial pressure or burden of the current ratepayers and users of municipal services will have to be considered so that the cost of infrastructure development and renewal should be evenly spread to future ratepayers and users of the municipal services and not burden the current ratepayers and user of municipal services with huge tariff increases as it is not sustainable.

And therefore there is a need to consider during the medium-term of funding part of the municipal infrastructure development programme through long-term borrowings. The funds to be obtained from these sources should be earmarked for new, upgrade, refurbishment, replacement and renewal of revenue generating infrastructure so that the municipality is able to generate sufficient revenue to service and repay the loans when they become due.

The municipality has been conservative in its approach for funding of the infrastructure development and renewal using borrowed capital. The current borrowings amount to R240 million and in terms of the key financial indicators the municipality is under-borrowed, the following indicators reflect such conclusion;

Description of Indicators	Current Status	Norm
Finance Charges (% to Total operating expenditure)	2%	5% - 15%
Non Current Liabilities to Total Operating Revenue	15%	<45%
Total Debt to Total Operating Revenue (less grants)	25%	<45%
Gearing - Long Term Borrowing to Funds and Reserves	8%	<45%
Debt Payment Service Costs to Revenue	6%	5% - 15%

Our preliminary forecast indicates that the municipality has a capacity to borrow approximately additional R300 million over the medium term, R100 million to be borrowed during 2012/2013 financial year and R200 million to be borrowed during 2014/2015 financial year and the situation in terms of the key financial indicators will be follows;

Description of Indicators	Current Status	2012/2013	2014/2015	Norm
Finance Charges (% to Total operating expenditure)	2%	3%	3%	5% - 15%
Non Current Liabilities to Total Operating Revenue	15%	28%	28%	<45%
Total Debt to Total Operating Revenue (less grants)	25%	28%	28%	<45%
Gearing - Long Term Borrowing to Funds and Reserves	8%	10%	14%	<45%
Debt Payment Service Costs to Revenue	6%	8%	8%	5% - 15%

1.3.6 Provision of free basic services provision to the indigent households

The Indigent Policy of the municipality as approved by Council in 2003 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. This policy is being reviewed to be in line with the requirements proposed by the National Department of Cooperative Governance and Traditional Affairs on an annual basis. The following assumptions were also taken into consideration towards the provision of free basic services;

- (a) Reducing the impact of poverty through free basic service provision;
- (b) Protecting the poor from the harsh economic realities; and
- (c) Expansion of the current free basic services provision by providing Free Alternative Basic Energy.

The statistical information on population is;

Description	2009/2010	2010/2011	2011/2012	2012/2013
Total number of people in municipal area	527 203	527 203	527 203	527 203
Total number of households in municipal area	137 353	137 353	137 353	137 353
Total number of poor households in municipal area	58 512	58 512	58 512	58 512

The municipality will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R80 000.00 market value being 100% exempted from rates.
Free Basic Sewer	6kl per month

1.4 OPERATING REVENUE FRAMEWORK

For Mbombela Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- (a) National Treasury's guidelines and macroeconomic policy;
- (b) Growth in the City and continued economic development;
- (c) Efficient revenue management, which aims to ensure a 92 per cent annual collection rate for property rates and other key dcservice charges;
- (d) Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- (e) Achievement of full cost recovery of specific user charges especially in relation to trading services;
- (f) Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- (g) The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- (h) Increase ability to extend new services and recover costs;
- (i) The municipality's Indigent Policy and rendering of free basic services; and
- (j) Tariff policies of the municipality.

The following table is a summary of the 2013/14 annual budget and MTREF – Revenue classified by main source:

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source										
Property rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges - electricity revenue	227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	743 855
Service charges - water revenue	18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 744	32 075	36 105
Service charges - sanitation revenue	12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 214	19 208	21 605
Service charges - refuse revenue	38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
Rental of facilities and equipment	1 596	1 412	24 220	23 064	14 047	14 047	14 047	19 441	21 560	22 913
Interest earned - external investments	41 267	16 390	7 729	4 301	4 019	4 019	4 019	4 019	4 019	4 019
Interest earned - outstanding debtors	30 810	24 027	18 625	18 339	15 521	15 521	15 521	18 954	21 195	23 704
Fines	4 557	3 023	3 079	3 742	2 162	2 162	2 162	3 742	4 117	4 488
Licences and permits	6	9	6	5 299	6 299	6 299	6 299	5 299	6 093	7 007
Agency services	18 834	20 137	20 663	71 688	71 688	71 688	71 688	87 272	95 999	105 599
Transfers recognised - operational	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Other revenue	625 767	564 371	164 746	318 674	351 361	351 361	351 361	349 893	402 073	308 986
Gains on disposal of PPE	–	263	5 126	9 555	9 555	9 555	9 555	–	–	–
Total Revenue (excluding capital transfers and contributions)	1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 599 731	1 759 289	1 977 071	2 086 017

Percentage growth in revenue by main revenue source:

Description	2011/2012 Adjusted Budget	2012/2013 Estimate	2013/2014 Forecast	2014/2015 Forecast	MTREF Growth %
Property Rates	343,941,586	389,875,258	429,691,338	478,093,841	39%
Service Charges - Electricity revenue	491,034,224	565,107,518	643,173,001	743,855,326	51%
Service Charges - Water revenue	25,677,281	28,744,432	32,075,337	36,104,911	41%
Service Charges - Sanitation revenue	15,376,863	17,213,629	19,208,345	21,604,778	41%
Service Charges - Refuse Removal revenue	51,409,726	57,812,807	65,183,940	74,524,799	45%
Rental of facilities and equipments	14,047,396	19,440,500	21,560,020	22,913,395	63%
Interest earned - External investments	4,019,260	4,019,260	4,019,260	4,019,260	0%
Interest earned - Outstanding debtors	15,520,679	18,954,117	21,194,820	23,704,408	53%
Fines	2,161,713	3,742,106	4,116,260	4,488,232	108%
Licences and Permits	6,298,542	5,298,542	6,093,021	7,006,642	11%
Agency Fees	71,687,560	87,271,812	95,998,993	105,598,892	47%
Transfers recognised - unconditional	298,996,936	320,607,000	351,912,000	387,174,000	29%
Transfers recognised - conditional	324,262,100	304,193,215	352,203,516	254,528,088	-22%
Other income	32,484,953	45,699,646	49,869,532	54,457,579	68%
Gains from disposal of PPE	9,555	-	-	-	-100%
Income foregone	-97,196,882	-108,690,413	-119,227,949	-132,056,876	36%
Total Revenue	1,599,731,492	1,759,289,430	1,977,071,434	2,086,017,275	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. In the 2011/12 financial year, revenue from rates and services charges totaled R950 million indicating an increase of R74 million (15%) in 2012/2013 financial year and resulting in an overall increase to R253 million over the medium term. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity at

R565 million (34%) of the total operating revenue budget and other services contributes 23%. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in SA1

The revenue from property rates will amount to R281 million less rates rebates in terms of the rates policy amounting to R109 million in 2012/2013 financial year and resulting in an overall increase to R390 million less rates rebate of R132 million over the medium-term (23%). The property rates revenue contributes about 16% of the total operating revenue budget.

Operating grants allocation comprising of equitable share, water subsidy contributes 19% of the total operating revenue budget and will amount to R321 million in 2012/13 financial year, showing an increase of 7%.

Other income will amount to R350 million, contributing 20% to the total operating revenue.

The following table gives a breakdown of the various operating and capital grants and subsidies and in kind-allocations to the municipality over the medium term:

GRANT	2011/2012	2012/2013	2013/2014	2014/2015
OPERATING GRANT:				
Equitable Share	282,081,000	312,298,000	334,542,000	359,474,000
Municipal Systems Improvement Grant (MSIG)	790,000	800,000	870,000	950,000
Financial Management Grant (FMG)	1,250,000	1,500,000	1,500,000	1,750,000
Water Service Operating Grant	14,650,000	6,009,000	15,000,000	25,000,000
TOTAL OPERATIONAL ALLOCATION	298,771,000	320,607,000	351,912,000	387,174,000
Growth (%)	13%	7%	10%	10%
CAPITAL GRANTS:				
Municipal Infrastructure Grant (MIG)	155,031,000	188,062,000	198,383,000	209,853,000
Neighbourhood Development Partnership Grant	-	-	5,000,000	4,414,000
Public Transport Infrastructure and Systems Grant	45,000,000	98,703,000	113,762,000	-
Integrated National Electrification Programme	-	-	5,500,000	5,000,000
2010 Host City Operating Grant	-			
2010 World Cup Stadium	-			
Electricity Demand Side Management	-	-	-	-
TOTAL CAPITAL ALLOCATION	200,031,000	286,765,000	322,645,000	219,267,000
Growth (%)	-18%	43%	13%	-32%
Expanded Public Works Programme	2,867,000	2,954,000	-	-
TOTAL ALLOCATION	2,867,000	2,954,000	-	-
TOTAL ALLOCATIONS	501,669,000	610,326,000	674,557,000	606,441,000
IN-KIND ALLOCATIONS:				
Regional Bulk Infrastructure		3,000,000	10,000,000	25,000,000
Integrated National Electrification Programme		14,204,000	11,026,000	9,908,000
Water Services Operating Subsidy		300,000	5,000,000	5,000,000
Neighbourhood Development Partnership Grant		-	-	-
TOTAL IN-KIND ALLOCATION	-	17,504,000	26,026,000	39,908,000

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the municipality, local economic conditions and the affordability of services taking into consideration the municipality's indigent policy were taken into consideration.

The percentage increases of both Eskom and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

MP322 Mbombela - Supporting Table SA14 Household bills

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent								% incr.			
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		251.46	383.89	395.44	407.05	407.05	407.05	6.5%	433.51	462.55	492.62
Electricity: Basic levy		66.33	87.00	80.00	–	–	–	12.0%	–	–	–
Electricity: Consumption		458.30	689.66	860.50	930.00	930.00	930.00	12.0%	1 041.60	1 156.18	1 283.36
Water: Basic levy		40.86	44.13	47.66	51.50	51.50	51.50	9.8%	56.77	62.10	68.56
Water: Consumption		189.84	204.26	221.28	240.00	240.00	240.00	9.8%	264.54	289.41	319.51
Sanitation		240.79	240.00	254.40	219.60	219.60	219.60	9.8%	242.05	264.81	292.35
Refuse removal		81.77	88.31	97.14	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
Other					–	–	–	11.0%	–	–	–
sub-total		1 329.35	1 737.25	1 956.42	1 955.15	1 955.15	1 955.15	10.3%	2 156.41	2 364.78	2 600.39
Total large household bill:		1 329.35	1 737.25	1 956.42	1 955.15	1 955.15	1 955.15	10.3%	2 156.41	2 364.78	2 600.39
% increase/-decrease			30.7%	12.6%	(0.1%)	–	–		10.3%	9.7%	10.0%
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
Rates and services charges:											
Property rates		35.50	18.82	39.49	290.75	290.75	290.75	6.5%	309.65	330.40	351.87
Electricity: Basic levy		66.33	–	105.96	–	–	–	12.0%	–	–	–
Electricity: Consumption		228.23	370.86	364.61	385.00	385.00	385.00	12.0%	431.20	478.63	531.28
Water: Basic levy		40.86	–	47.66	51.50	51.50	51.50	9.8%	56.77	62.10	68.56
Water: Consumption		150.29	162.26	175.29	190.00	190.00	190.00	9.8%	209.43	229.11	252.94
Sanitation		203.74	152.00	235.40	173.85	173.85	173.85	9.8%	191.63	209.64	231.44

Refuse removal		81.77	28.31	98.04	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
Other					–	–	–	11.0%	–	–	–
sub-total		806.72	732.25	1 066.45	1 198.10	1 198.10	1 198.10	9.9%	1 316.61	1 439.62	1 580.10
Total small household bill:		806.72	732.25	1 066.45	1 198.10	1 198.10	1 198.10	9.9%	1 316.61	1 439.62	1 580.10
% increase/-decrease			(9.2%)	45.6%	12.3%	–	–		9.9%	9.3%	9.8%
				-5.94	-0.73	-1.00	-				
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>	3										
Rates and services charges:											
Property rates		35.50	18.82	19.40	174.45	174.45	174.45	6.5%	185.79	198.24	211.12
Electricity: Basic levy		–	–	–	–	–	–	12.0%	–	–	–
Electricity: Consumption		34.01	44.68	36.62	31.50	31.50	31.50	12.0%	–	–	–
Water: Basic levy		–	–	–	–	–	–	9.8%	–	–	–
Water: Consumption		–	–	–	140.00	140.00	140.00	9.8%	154.32	168.82	186.38
Sanitation		81.77	88.31	97.14	128.10	128.10	128.10	9.8%	141.20	154.47	170.54
Refuse removal					–	–	–	10.3%	–	–	–
Other					–	–	–	11.0%	–	–	–
sub-total		151.28	151.81	153.16	474.05	474.05	474.05	1.5%	481.30	521.53	568.04
VAT on Services		16.21	18.62		21.01						
Total small household bill:		167.49	170.43	153.16	495.06	474.05	474.05	(2.8%)	481.30	521.53	568.04
% increase/-decrease			1.8%	(10.1%)	223.2%	(4.2%)	–		1.5%	8.4%	8.9%

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- (k) Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- (l) Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- (m) The capital programme is aligned to the IDP priorities.
- (n) Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- (o) Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Employee related costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
Remuneration of councillors	13 811	15 605	16 952	18 673	18 973	18 973	18 973	20 111	21 116	22 172
Debt impairment	101 931	51 063	8 993	68 318	84 181	84 181	84 181	76 009	85 613	72 968
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Finance charges	11 517	18 822	35 869	41 467	37 429	37 429	37 429	42 168	41 943	59 140
Bulk purchases	171 599	211 512	272 998	323 521	335 443	335 443	335 443	380 728	434 943	489 811
Other materials	–	–	–	34 315	31 016	31 016	31 016	19 599	19 599	23 891
Contracted services	95 202	174 467	172 951	172 306	158 751	158 751	158 751	86 819	91 681	96 265
Other expenditure	187 637	335 370	273 132	190 819	214 911	214 911	214 911	358 082	379 835	397 572
Loss on disposal of PPE	37	–	–	–	–	–	–	–	–	–
Total Expenditure	1 107 229	1 300 953	1 433 847	1 587 876	1 552 607	1 552 607	1 552 607	1 703 255	1 855 104	1 984 263

The budgeted allocation for employee related costs for the 2012/13 financial year totals R431 million in 2012/2013 financial year due to an increase of R45 million (12%) and the expenditure to the total operating revenue budget, excluding conditional grants is 29%.

The employees remuneration cost will increase to R533 million in 2014/2015 financial year and the expenditure to the total operating budget will be 27%. Included in the employees remuneration cost budget is amount of R66 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R381 million due to an increase of 13.5% given to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2012.

The depreciation cost will be R288 million make up 17% of the total operating expenditure and is about 6% of the total assets carrying value of R5 178 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The general expenditure increases by 16% to R143 million in 2012/2013 and the overall increase over the medium-term is R32million (26%) to R158 million in 2014/2015 financial year. The marginal increase in general expenditure is due to continuous review of the expenditure patterns and conducted with the intention of shifting funds from low priority programmes to high priority programmes in line with national government's guidelines.

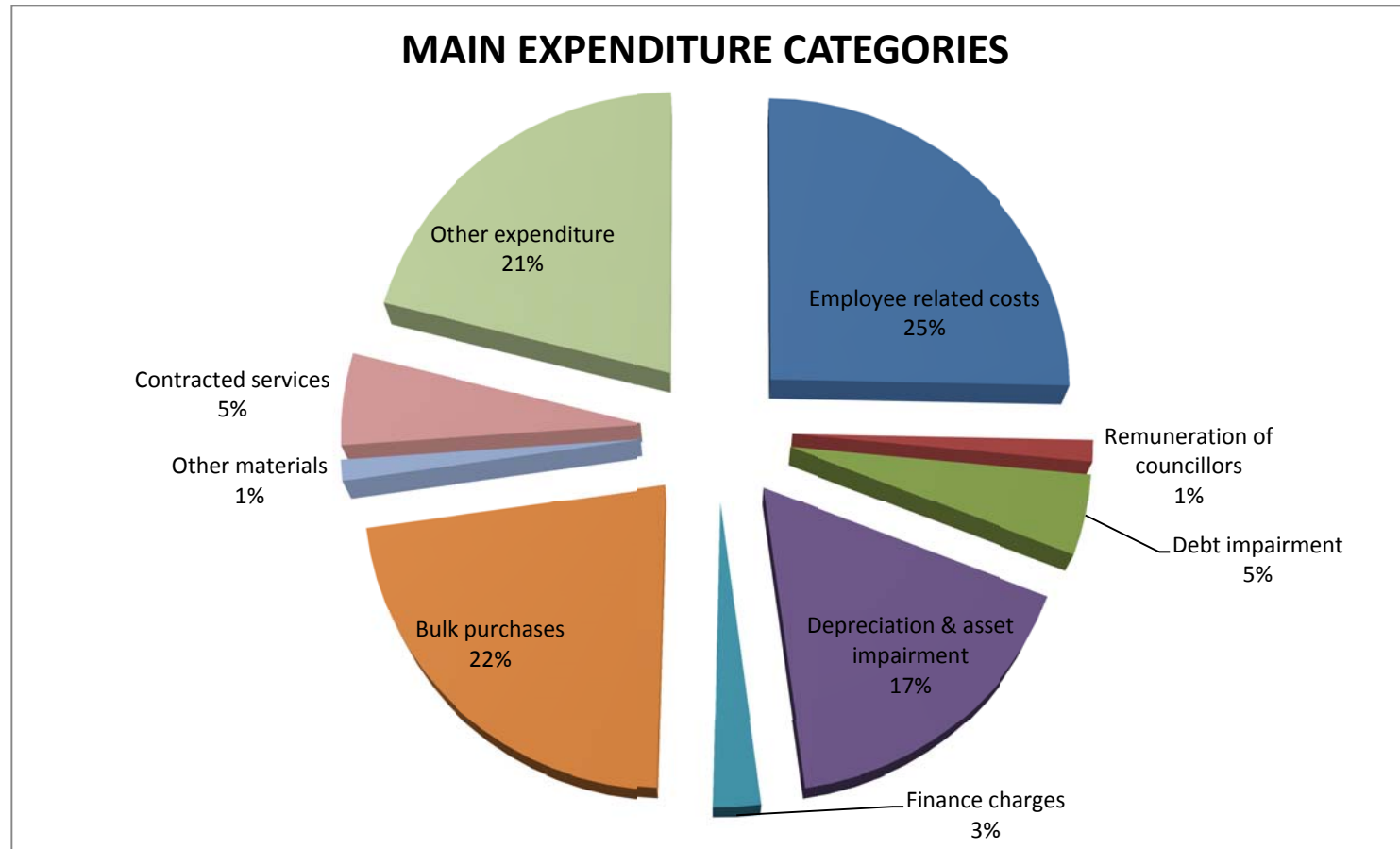
A total of R93 million has been allocated during the 2012/2013 financial year for repairs and maintenance of the municipal infrastructure and assets, increasing to R110 million in 2014/2015, resulting in an increase of 18% over the medium-term.

Due to inadequate payment of municipal accounts, provision has been made for impairment of debts amounting to R76 million in 2012/2013 financial year. The provision for debt impairment represents about 8% of the total revenue to be generated from property rates and services charge such as electricity, water, refuse removal and sewerage.

An amount of R85 million has been allocated on the 2012/2013 financial year for IDP projects in response to the developmental priorities of the municipality and the total amount allocated over medium-term will be R254 million.

The municipality has allocated an amount of R51 million in the 2012/2013 financial year for provision of free basic services.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year as a percentage:

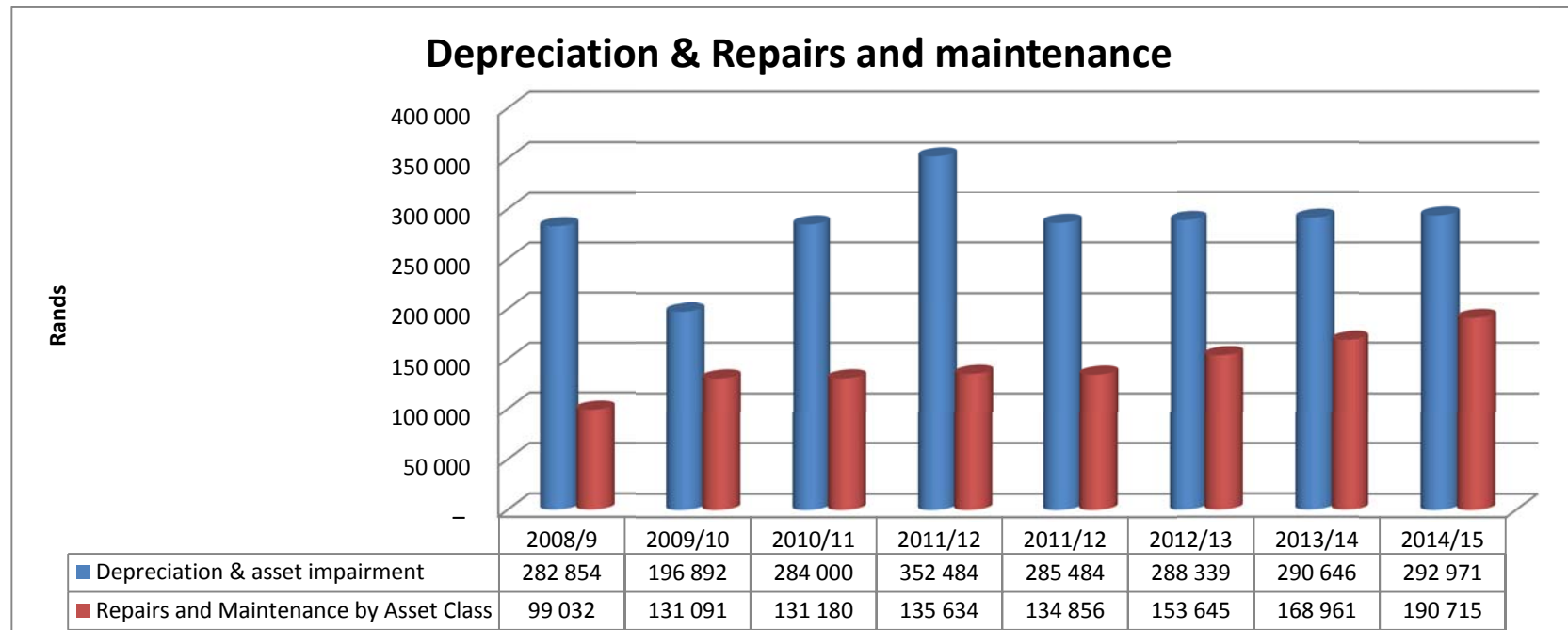


During the compilation of the 2012/13 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Depreciation & asset impairment</u>	282 854	196 892	284 000	352 484	285 484	285 484	288 339	290 646	292 971
<u>Repairs and Maintenance by Asset Class</u>	99 032	131 091	131 180	135 634	134 856	134 856	153 645	168 961	190 715
<i>Infrastructure - Road transport</i>	29 058	48 307	49 950	43 181	34 002	34 002	36 842	40 883	42 677
<i>Infrastructure - Electricity</i>	25 738	25 046	22 742	22 614	25 106	25 106	29 027	31 099	33 120
<i>Infrastructure - Water</i>	13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
<i>Infrastructure - Sanitation</i>	10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
<i>Infrastructure - Other</i>	5 830	9 824	11 989	13 976	13 407	13 407	15 417	16 399	18 431
Infrastructure	84 579	107 397	107 890	107 945	103 222	103 222	117 981	129 345	140 535
Community	10 150	14 307	16 455	21 415	24 356	24 356	28 076	30 533	40 919
Other assets	4 303	9 387	6 835	6 274	7 278	7 278	7 588	9 082	9 261
Total Repairs and Maintenance by Asset Class	99 032	131 091	131 180	135 634	134 856	134 856	153 645	168 961	190 715

For the 2012/13 financial year, 76% or (R118 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 23.9% (R36 million), followed by Electricity totaling 18.8% (R29 million), Community at 18% (R28 million), water at 14% (R22 million), infrastructure - other assets has been allocated R15 million of total repairs and maintenance equating to 10%, sanitation is at 9.45% (R14 million) and other assets is allocated an amount of R7 million.



Free basic services: basic social services package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 11 500 or more indigent households during the 2012/13 financial year, a process reviewed annually. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement are contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote: 2012/13 Medium-term capital budget per vote:

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	-	474	-	-	-	-	-	-	-	-
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	-	1 693	-	30	30	30	30	-	-	-
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	868	91	-	-	-	-	-	4 870	7 800	18 100
Vote 9 - CORPORATE SERVICES	90	1 910	-	3 125	3 125	3 125	3 125	5 000	5 000	4 300
Vote 10 - FINANCIAL SERVICES	497	697	1 245	4 026	2 026	2 026	2 026	9 500	8 800	6 500
Vote 11 - TECHNICAL SERVICES	674 411	691 091	277 593	399 996	342 913	342 913	342 913	329 844	373 357	267 692
Vote 12 - COMMUNITY SERVICES	21 246	124 044	22 092	47 611	25 864	25 864	25 864	26 367	29 770	34 885
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	13 369	33 381	316	35 720	35 720	35 720	35 720	17 050	40 725	39 486
Capital multi-year expenditure sub-total	710 483	853 380	301 246	490 508	409 678	409 678	409 678	392 631	465 452	370 963
Single-year expenditure to be appropriated										
Vote 4 - SECRETARY TO COUNCIL	-	-	-	-	-	-	-	850	-	-
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	-	-	-	12 250	5 473	5 473	5 473	-	-	-
Vote 9 - CORPORATE SERVICES	-	-	-	2 780	-	-	-	1 090	-	-
Vote 10 - FINANCIAL SERVICES	-	-	-	4 211	1 832	1 832	1 832	200	-	-
Vote 11 - TECHNICAL SERVICES	-	-	-	29 019	26 805	26 805	26 805	114 407	83 164	179 575
Vote 12 - COMMUNITY SERVICES	-	-	-	37 041	37 041	37 041	37 041	19 140	4 570	-
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	-	-	-	61 301	54 768	54 768	54 768	13 250	-	8 000
Capital single-year expenditure sub-total	-	-	-	146 602	125 918	125 918	125 918	148 937	87 734	187 575
Total Capital Expenditure - Vote	710 483	853 380	301 246	637 110	535 596	535 596	535 596	541 568	553 185	558 538

For 2012/13 an amount of R444 million has been appropriated for technical service vote for development of services infrastructure which represents 82% of the total capital budget. In the outer two years this amount totals R456 million, 83% and R447 million, 80% respectively for each of the financial years.

Total new assets represent 53% or R289 million of the total capital budget while asset renewal equates to 47% or R253 million. Further details relating to asset classes and proposed capital expenditure is contained in table A9 (Asset Management). In addition to the Table A9, Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

Furthermore a detailed breakdown of the capital budget per project over the medium term.

DEPARTMENT	PROGRAMME OR FUNCTION	PROJECT DESCRIPTION	LOCATION	WARD	2012/2013	2013/2014	2014/2015	FUNDING SOURCE
Roads and Stormwater	Roads and Stormwater	10 x Heavy duty trailer for material & equipment	Mbombela	All wards	100 000			Capital Replacement Reserve (CRR)
Stadia management	2010 Legacy	2013 Afcon projects and overlays	Mbombela	Institutional	3 000 000			Capital Replacement Reserve (CRR)
Roads and Stormwater	Governance and Public Participation	6 x 4 Ton Tipper Trucks	Mbombela	All wards	3 000 000			Loan
Community Services	Waste management and greening	Ablution Facilities and Change room facilities	White River, Hazyview, Kabokweni	Institutional	2 500 000	2 650 000		Capital Replacement Reserve (CRR)
Financial Services	Integrated human settlement	Acquisition of land to establish a Township at Ngodwana	Ngodwana	13		5 000 000	-	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Additional 1ML/D module at Dwaleni package plant and refurbishment of bulk line to OMO Reservoir	Kabokweni	33	6 000 000			Municipal Infrastructure Grant - frontloading

Public Safety	Community Development	Additional of licencing and testing service facilities	Hazyview, KaNyamazane, Kabokweni, Matsulu	1, 13, 33,		5 700 000	8 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Alternative/Renewable energy	Farming Areas	12, 14	-	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Assessment & planning for replacement of collapsed stormwater pipes and culverts in West Acres x 7 & 8	West Acres	15	2 000 000	4 500 000	11 000 000	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Backdoor / Mbonisweni water augmentation scheme	Backdoor, Mbonisweni, Phathwa	32; 38	7 000 000			Municipal Infrastructure Grant - frontloading
Local Economic Development	Economic Development	Building of informal trade stalls	Mahushu, Kabokweni and Plaston	Institutional	800 000	1 500 000	-	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Bus shelter at Gutshwa Traditional Council	Gutshwakop	31	250 000			DBSA Concessionary rural loan
Electrical Engineering	Electricity	CCTV, Fire Detection and Cable Theft Prevention	Nelspruit, White River, Hazyview	14, 15, 16, 17, 30	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Water and Sanitation	Sanitation/Sewer age	Chemical dosing system at WWTW	White River, Hazyview	1,28	300 000			Capital Replacement Reserve (CRR)
Water and Sanitation	Sanitation/Sewer age	Coltshill outfall sewer & servitudes [2.3km] [WR_F19.01 to WR_F19.12)	White River	30	2 200 000			Loan
Corporate Services	Governance and Public Participation	Compilation and implementation of Smart City Strategy	Institutional	Institutional			3 000 000	Capital Replacement Reserve (CRR)

Water and Sanitation	Water	Construction of 2.0 Mg/l package, bulk line and refurbishment of internal network at Jerusalem	Jerusalem	8	4 100 000			Loan
Water and Sanitation	Water	Construction of 2.0 Mg/l package, bulk line and refurbishment of internal network at Mshadza	Mshadza	6	4 100 000			DBSA Concessionary rural loan
Project Management Unit	Roads and Stormwater	Planing and Design for Construction of 2.8km road in Phola	Phola	5	750 000			Municipal Infrastructure Grant - frontloading
Project Management Unit	Community Development	Construction of a Fire Station in Matsulu	Matsulu	13	4 700 000			Municipal Infrastructure Grant - frontloading
Rural Development	Rural Development	Construction of broiler houses, chicken project (primary co-operatives)		Institutional		3 000 000	2 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Construction of concreted palisade at Elandshoek and Matsulu		13	500 000	500 000		Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Construction of Hazyview and Dwaleni internal streets	Hazyview	1	5 100 000	5 000 000		Municipal Infrastructure Grant - frontloading
Project Management Unit	Community Development	Construction of multi purpose courts and upgrading of the stadium	Matsulu	27	4 700 000			Municipal Infrastructure Grant - frontloading
Project Management Unit	Community Development	Construction of new community halls	Msegwaba, Elandshoek, Hazyview, Phola, Phameni	1, 5, 12, 22			9 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Community Development	Construction of new community halls	Msegwaba, Elandshoek, Hazyview, Phola, Phameni	1, 5, 12, 22	7 000 000	9 000 000		Municipal Infrastructure Grant - frontloading

Project Management Unit	Community Development	Construction of new Hazyview Swimmingpool	Hazyview	1	4 100 000			Municipal Infrastructure Grant - frontloading
Roads and Stormwater	Roads and Stormwater	Construction of New links road - Extensions of Van Rooyen, Fig Tree & Percy Fitzpatrick	Nelspruit	15			13 500 000	Loan
Rural Development	Rural Development	Construction of piggery houses primary co-operatives		Institutional	3 000 000		3 400 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Construction of Tekwane West Central Waste Disposal Site Cell 2	Mbombela	26	750 000	6 200 000		Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Construction waste transfer stations	White River , Hazyview and Matsulu	28	5 500 000			Loan
Public Participation	Governance and Public Participation	Council Chamber receiver translator system	Mbombela	Institutional	300 000			Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Construction of waste transfer stations	White River , Hazyview and Matsulu	1,27			14 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Delta-Anderson Ring Deloading	Nelspruit	14, 15, 16, 17	2 500 000			Loan
Roads and Stormwater	Roads and Stormwater	Design & construct Van Rooyen St between Madiba Dr & Percy Fitzpatrick St	Nelspruit	15		1 250 000		Capital Replacement Reserve (CRR)
Human Settlement	Integrated human settlement	Design, plans and installation of engineering services in Magiesdal, Tekwane North, White River and Elandshoek new Townships	Magiesdal, Tekwane North and White River	15,16 &17, 26, 30, 38,	12 000 000		21 000 000	Loan

Human Settlement	Integrated human settlement	Design, plans and installation of engineering services in Magiesdal, Tekwane North, White River and Elandshoek new Townships	Magiesdal, Tekwane North and White River	15,16 &17, 26, 30, 38,			15 500 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Design, Reconstruct & tar gravel roads: Sunbird - Warblebush Nest Streets	Hazyview	1		1 204 000		Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Desilting system for Hazyview raw water pump station	Hazyview	1	800 000			Capital Replacement Reserve (CRR)
Water and Sanitation	Sanitation/Sewer age	Detail design, tender & construction Hazyview Sewerage Treatment Works - [6Ml/day]	Hazyview	1			22 000 000	Loan
Water and Sanitation	Sanitation/Sewer age	Detail design, tender & construction Hazyview Sewerage Treatment Works - [6Ml/day]		1		5 000 000		Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Distribution and safety equipment	Nelpruit, White River, Hazyview	14,15,16,17,30	300 000	150 000	150 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Ebuhleni Royal House: Construct tarred access road	Mpakeni	24		2 910 000		DBSA Concessionary rural loan
	Water	Detailed planning for Upgrade of Karino Bulk Water for Dwaleni, Backdoor reservoir and Kabokweni OMO Reservoir - Phase 2	Tekwane north, Dwaleni, Backdoor and Kabokweni	26 & 27	5 000 000			Municipal Infrastructure Grant - frontloading
Electrical Engineering	Electricity	Electrical Network Protection	Nelpruit, White River, Hazyview	14,15,16,17,30	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Electrification programme - 445 households	Emathuneni, Luphisi A & B, Encakini, Siyakhula and Esukani and Phumlani	24,26	4 451 186	2 421 053		Integrated National Electrification Programme Grant - Frontloading
Electrical Engineering	Electricity	Electrification programme - 419 households	Enkanini, Backdoor, Nyokeni, KaMphasteni, Phelindaba, Maputo	3, 6, 8, 21,32	4 190 000			DBSA Concessionary rural loan
Electrical Engineering	Electricity	Electrification programme - 174 households				1 096 491	644 210	Integrated National Electrification Programme Grant (INEP)
Electrical Engineering	Electricity	Electrification programme - 467 households	Mtimba, Sandriver, Elephant, Enyokeni, Thubelihle, Mountainview, Shabalala	3, 9 ,25	4 670 000			DBSA Concessionary rural loan
Electrical Engineering	Electricity	Electrification programme - 598 households			-	5 975 439		DBSA Concessionary rural loan
Electrical Engineering	Electricity	Electrification programme - 611 households			-	6 114 035		DBSA Concessionary rural loan

Electrical Engineering	Electricity	Electrification programme - 768 households	Zwelishana, Numbi, Bantwana, Makoko, Maphakama, Mamelodi, Mbonisweni	2, 4, 34, 38	7 680 000			DBSA Concessionary rural loan
Electrical Engineering	Electricity	Electrification programme - 804 households	Bhekiswako, Khombaso, Maminza, Bodlindlala, Stadium Block, Estineni	1, 5, 6, 26	8 040 000			DBSA Concessionary rural loan
Corporate Services	Governance and Public Participation	Employees Electronic Attendance Registers(EAR)	Institutional	Institutional	1 200 000	400 000		Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Elandshoek water supply upgrade (upgrade plant, network and extend network)	Elandshoek	12	700 000	3 500 000		Municipal Infrastructure Grant - frontloading
Community Services	Waste management and greening	Establishment of waste training centre at Tekwane West Landfill site		26		3 000 000		Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Existing streets in Nelspruit to be increased to four lanes: Kaapschehoop (from Enos Mabuza to N4)	Nelspruit	15			5 000 000	Capital Replacement Reserve (CRR)
Financial Services	Integrated human settlement	Expropriation of land in Kaapsehoop for internal services		13		2 000 000		Capital Replacement Reserve (CRR)
Public Safety	Community Development	Extension of fire engine vehicles storage facilities	White River	38, 30		500 000		Capital Replacement Reserve (CRR)

Project Management Unit	Water	Entokozweni -Kanyamazane: Extension of water network System	Kanyamazane-Entokozweni	19, 20	3 786 069			Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Extension of Zwelisha and Zomba Water Reticulation	Zomba	4		3 650 000	-	Municipal Infrastructure Grant - frontloading
Community Services	Waste management and greening	Fencing of rural cemeteries	Mbombela	All Wards	500 000	2 000 000		DBSA Concessionary rural loan
Roads and Stormwater	Roads and Stormwater	Gabion Stormwater Infrastructure	Gutshwakop	31		150 000		Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Gutshwa cemetery access road: Construct tar road	Gutshwakop	31		750 000		DBSA Concessionary rural loan
Project Management Unit	Water	Extension of Zwelisha B and Maluti Bulk Water Supply	Zwelisha/Mluti	2		6 000 000	8 500 000	Municipal Infrastructure Grant - frontloading
Roads and Stormwater	Roads and Stormwater	Impala St/Danie Joubert St Intersection: Geometric and structural upgrade	White River	30	500 000			Capital Replacement Reserve (CRR)
Corporate Strategy	Governance and Public Participation	Implementation of a Project and Performance Management System	Institutional	Institutional	1 000 000	2 000 000		Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Implementation of AARTO System	Institutional	Institutional	350 000	150 000		Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Implementation of comprehensive Municipal Information System - BI system and integrated to Geographic Information System	Institutional	Institutional	300 000	800 000		Capital Replacement Reserve (CRR)

Project Management Unit	Public Transport	Implementation of public transport infrastructure and systems	Mbombela	All Wards	84 581 579	99 791 228	-	Public Transport Infrastructure and Systems Grant
Roads and Stormwater	Roads and Stormwater	Install speed humps - traffic calming measures	All Wards	All Wards	780 000	630 000	410 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Electrification programme - 1750 households					18 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of 150 Smart Metering (Medium large power users)	Nelspruit, White River, Hazyview	14, 15, 16, 17, 31	1 750 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of 1000 Smart Metering (Residential)	Nelspruit, White River, Hazyview	14, 15, 16, 17, 30	1 000 000	1 100 000	1 210 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Installation of back-up generators at service centres		Institutional	800 000	1 000 000		Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of high mast lights	Nsikazi	1, 14, 18,29, 31, 39	-	1 250 000	2 000 000	Capital Replacement Reserve (CRR)
Social Development	Community Development	Installation of new airconditioners in 5 libraries and upgrading of electricity.	Nelspruit, Valencia Park, White River, Nelsville & Zwelisha Container Library	02, 04, 14, 16, 17 30, 38	500 000	150 000	190 000	Capital Replacement Reserve (CRR)
Social Development	Community Development	Installation of New floodlights at various sport facilities	Khumbula, Nelsville Kamagugu	16, 17, 37	1 000 000	1 500 000		Capital Replacement Reserve (CRR)

Water and Sanitation	Sanitation/Sewer age	Hazyview outfall sewer & internal network for Vakansiedorp	Hazyview	1	1 200 000	6 000 000	10 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of street lights	Nsikazi	1, 14, 18, 29, 31, 39	-	1 250 000	2 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of Streetlighting	Nelspruit	14, 15, 16, 17	-	500 000	500 821	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Installation of standby diesel generators at KaNyamazane, Nyongane water treatment works & pump stations	Various locations	1, 6, 7, 8, 19, 25 30	500 000	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Insurance replacement assets and contingency allocation	Mbombela	Institutional	1 500 000	2 000 000	2 000 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Job linkage centre	Msegwaba	26	4 000 000	4 000 000	500 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Kaapsche Hoop Rd: Geometric & structural reconstruction (Koraalboom St to Samora Machel Rd)	Nelspruit	14,15	1 200 000			Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Kabokweni intersection upgrade	Kabokweni	33	150 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	KaMagugu Network upgrde	KaMagugu	17	-	2 000 000	1 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Kgarudi Traditional Council Offices & cemetery road upgrade	Madras	1		1 075 000		DBSA Concessionary rural loan

Corporate Services	Governance and Public Participation	Laptops and accessories for councillors	Institutional	Institutional	550 000	700 000	200 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Living lab initiatives between Municipality, Business and Educational sector	Institutional	Institutional		250 000	250 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Low Voltage Network Upgrade: Overhead to Underground (Residential)	Nelspruit, White River, Hazyview	1, 14, 15, 16, 17, 30	-	1 000 000	500 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Manufacturing of trade trolleys	Matsulu and White River	27,30	400 000	300 000	300 000	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Installation of water reticulation from boreholes and package plants		All Wards	4 000 000	6 240 000	11 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Manzini Package Plant: Rising Main	Manzini	7	2 200 000			Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewerage	Mataffin internal sewer connections	Mataffin	15	6 000 000	5 000 000		Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Mataffin internal water connections	Mataffin	14	11 000 000	8 000 000		Municipal Infrastructure Grant (MIG)
Roads and Stormwater	Roads and Stormwater	Mbuyane Traditional Council Offices: Construct paved access road and parking area	Clau Clau	10		525 000		DBSA Concessionary rural loan
Project Management Unit	Sanitation/Sewerage	Matsulu, Portia, Mpakeni & Luphisi household sanitation	Matsulu, Portia, Luphisi and Mpakeni	10, 13, 24, 27, 39	5 000 000	6 620 477	7 519 681	Municipal Infrastructure Grant (MIG)

Roads and Stormwater	Roads and Stormwater	Msogwaba Royal Residence & Traditional Council Offices: Construct tarred access road	Msogwaba	26		2 400 000		DBSA Concessionary rural loan
Project Management Unit	Sanitation/Sewerage	Matsulu, Portia, Mpakeni & Luphisi household sanitation	Matsulu, Portia, Luphisi and Mpakeni	10, 13, 24, 27, 39		6 620 477		Municipal Infrastructure Grant - frontloading
Project Management Unit	Sanitation/Sewerage	Matsulu, Portia, Mpakeni & Luphisi household sanitation	Matsulu, Portia, Luphisi and Mpakeni	10, 13, 24, 27, 39			8 519 681	Municipal Infrastructure Grant (MIG)
Local Economic Development	Economic Development	Neighbourhood Development Partnership projects - Job linkage centre	Msegwaba	14, 15		4 824 561	4 385 965	Neighbourhood Development Partnership Grant
Project Management Unit	Water	Msogwaba and Pienaar water network extensions	Msogwaba	22,23	-			Municipal Infrastructure Grant - frontloading
Corporate Services	Governance and Public Participation	New & Upgrading of ICT hardware infrastructure-systems	Institutional	Institutional	1 300 000	1 378 000	4 000 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	New & Upgrading of ICT software	Institutional	Institutional	500 000	750 000	2 500 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	New traffic lights and Geometric alterations Cnr of Bester and Kragbron Streets	Nelspruit	14		1 500 000		Capital Replacement Reserve (CRR)
Project Management Unit	Water	Msogwaba Water Supply	Msogwaba	22, 23			26 503 317	Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewerage	Nelspruit/Mataffin Northern Outfall sewer	Mataffin	14	5 000 000			Municipal Infrastructure Grant (MIG)

Project Management Unit	Sanitation/Sewer age	Nelspruit/Mataffin Northern Outfall sewer	Mataffin	14		7 000 000		Municipal Infrastructure Grant - frontloading
Project Management Unit	Sanitation/Sewer age	Nsikazi North household sanitation	Nsikazi North	All Wards	4 700 000	6 250 000	9 600 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewer age	Nsikazi South household sanitation	Nsikazi South	All wards	4 655 200	6 700 000	6 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Pedestrian bridges in Nsikazi North					8 500 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Pedestrian bridges in Nsikazi South			5 100 000			Municipal Infrastructure Grant - frontloading
Project Management Unit	Roads and Stormwater	Pedestrian bridges in Ward 2, 4 & 29		2,4 & 29	6 242 000			Municipal Infrastructure Grant - frontloading
Water and Sanitation	Water	Palisade fencing of water assets - reservoirs and treatment works	All wards	All wards	700 000	2 500 000	4 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Phabeni / Pretoriuskop Bulk Water Pipeline	Kruger National Park	38	4 400 000	5 000 000		Municipal Infrastructure Grant (MIG)
Roads and Stormwater	Roads and Stormwater	Planning P166 Link Road between R40 & R37 including Rail Bridge - Phase 1	Nelspruit	14	2 000 000			Public Transport Infrastructure and Systems Grant
Project Management Unit	Roads and Stormwater	Planning, Design and Construction of Tekwane North internal streets and stormwater	Tekwane north	26	1 500 000	5 000 000		Municipal Infrastructure Grant - frontloading

Project Management Unit	Sanitation/Sewerage	Planning and Construction of Kaapsehoop sewerage works and reticulation	Kaapsehoop	13	5 000 000			Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewerage	Planning and Construction of Kaapsehoop sewerage works and reticulation	Kaapsehoop	13		5 000 000		Municipal Infrastructure Grant - frontloading
Financial Services	Financial Management	Procurement of fleet management system	Mbombela	Institutional	1 000 000	2 500 000		Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Procure of six (6) vehicles for water and sanitation and three (3) water tankers	Institutional	Institutional	2 750 000			Loan
Local Economic Development	Economic Development	Provision of barber stalls	Nelspruit and White River	15,30	500 000	700 000	700 000	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Procurement of water SCADA system	All wards	All Wards	500 000			Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Purchase and implementation of cost management system	Mbombela	Institutional		1 000 000	1 700 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase and Installation of Power quality meters	Nelpruit, White River, Hazyview	14,15,16,17,30	500 000	1 500 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase of 9 motor vehicles - bakkies	Nelpruit, White River, Hazyview	14,15,16,17,30	2 000 000			Loan
Public Safety	Community Development	Purchase of steel change room lockers (4 Compartment)	Nelspruit, White River	15,16,17, 30	80 000	50 000		Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase of 1 Cable trailers (7tons)	Nelpruit, White River, Hazyview	14,15,16,17,30	200 000	-	-	Capital Replacement Reserve (CRR)

Public Safety	Community Development	Purchase of 1 trailer for Traffic Technical Services	Institutional	Institutional	50 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of 2 bakkies for Traffic Technical Services	Institutional	Institutional	400 000			Loan
Electrical Engineering	Electricity	Purchase of 2 Cherry -pickers	Nelpruit,WhiteRiver, Hazyview	14,15,16,17,30	1 500 000		-	Loan
Public Safety	Community Development	Purchase of 2 negative film machines	Institutional	Institutional	240 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase of 3 Emergency generators	Nelpruit,WhiteRiver, Hazyview	14,15,16,17,30	300 000	-	150 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of 3 x bakkies - LDVs	Institutional	Institutional	600 000			Loan
Public Safety	Community Development	Purchase of 8 Speed Measuring Equipment	Institutional	Institutional	500 000	700 000		Capital Replacement Reserve (CRR)
Social Development	Community Development	Purchase of brushcutters and ride on lawnmower	Institutional	Institutional	300 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of Bullet Proof Vests	Institutional	Institutional	400 000	500 000	-	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of Council resolution tracking software program	Institutional	Institutional	300 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of disaster tents	Institutional	Institutional	400 000			Capital Replacement Reserve (CRR)

Public Safety	Community Development	Purchase of fire and rescue equipments	Institutional	Institutional	500 000	300 000	200 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of fire engine and vehicles	Hazyview	1		2 500 000	2 800 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of fire fighting portable pumps	Institutional	Institutional	160 000	160 000	295 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Purchase of fleet for parks - 2 x trucks and 2 x bakkies	Mbombela	Institutional	2 300 000			Loan
Public Safety	Community Development	Purchase of generator for traffic services	Institutional	Institutional	17 000	20 000		Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of guillotine for printing room	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Purchase of land for economic development initiatives		Institutional	9 000 000			Loan
Community Services	Waste management and greening	Purchase of lawn mowers and brushcutters	Mbombela	Institutional	250 000	100 000	150 000	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Purchase of Movable Assets Tracking System	Mbombela	Institutional	400 000	200 000		Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of Movac 3 Traffic Light Controllers	Institutional	Institutional	180 000	130 000	200 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of new electrical binding machine	Institutional	Institutional	70 000			Capital Replacement Reserve (CRR)

Financial Services	Financial Management	Purchase of office furniture and equipments	Mbombela	Institutional	1 500 000	1 590 000	1 685 400	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Purchase of Office furniture and equipments for Mbombela Economic Development Agency		Institutional			250 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of one bakkie for disaster unit	Institutional	Institutional	250 000			Loan
Electrical Engineering	Electricity	Purchase of Personnel carrier (steel canopy)	Nelpruit, White River, Hazyview	14,15,16,17,30	50 000		-	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of Road Marking Machines	Institutional	Institutional	80 000	90 000		Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of shredder for printing room	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Purchase of solid waste fleet	Mbombela	Institutional	6 000 000		5 000 000	Loan
Community Services	Waste management and greening	Purchase of steel lockers	Nelspruit	Institutional	500 000	636 000	636 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of three bakkie for security unit	Institutional	Institutional	600 000			Loan
Public Participation	Governance and Public Participation	Purchase of two vehicles	Mbombela	Institutional	300 000			Loan
Public Safety	Community Development	Purchase of Uninterrupted Power Supplies	Institutional	Institutional	200 000	210 000		Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Purchase of waste storage facilities	Mbombela	Institutional	900 000	1 500 000	2 000 000	Capital Replacement Reserve (CRR)

Corporate Services	Governance and Public Participation	Refurbish the ICT facility for audit compliance	Institutional	Institutional	200 000			Capital Replacement Reserve (CRR)
Water and Sanitation	Sanitation/Sewer age	Pump redesign for Umbhaha pump station	Hazyview	1	600 000			Capital Replacement Reserve (CRR)
Rural Development	Rural Development	Refurbishment and commission of the dwaleni abattior	Dwaleni	32			8 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Refurbishment / construction of new standby accommodation	Institutional	Institutional	500 000	1 500 000		Capital Replacement Reserve (CRR)
Water and Sanitation	Sanitation/Sewer age	Refurbishment of aerator White River Wastewater Treatment Works		28	900 000			Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Refurbishment of Majika bulk and internal reticulation	Majika	25	3 900 000			DBSA Concessionary rural loan
Water and Sanitation	Water	Refurbishment of Manzini internal reticulation	Manzini	7	4 000 000			DBSA Concessionary rural loan
Water and Sanitation	Water	Refurbishment/upgrade of infrastructure assets	Mbombela	All wards	700 000	2 200 000	5 000 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Renovation for office space		Institutional	2 200 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Renovation of civic centres and satellite offices		Institutional	2 000 000	2 200 000		Capital Replacement Reserve (CRR)

Roads and Stormwater	Roads and Stormwater	Replace small plant & equipment	All Wards	All wards	300 000	300 000	300 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - Hazyview	Hazyview	1	1 000 000	1 000 000	3 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - Kabokweni	Gutshwa, Kabokweni, Dwaleni, Clau Clau	32,33,38	700 000	1 000 000	3 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - Kanyamazane	Kanyamazane, Tekwane	18,19,20,21,	700 000	1 000 000	2 500 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - Matsulu	Matsulu	13,27,28,	700 000	1 000 000	2 500 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - Nelspruit	Nelspruit	12,14,15,16,17,18,38	1 500 000	2 000 000	4 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - Nsikazi North	Nyongane, Numbi, Phola, Khumbula	3,5,6,7,8,9,25,34,37,39	700 000	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - Nsikazi South	Kanyamazane. Msogwaba	2,4,10,11,22,23,24,26,29,31,35,36,39	700 000	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Reseal tarred roads - White River	White River, Rocky Drift, Hillsvie	8,30,38	1 000 000	1 000 000	4 000 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Roll-out of Phase 2 of the cctv system for safety and security	Institutional	Institutional	600 000	1 000 000	500 000	Capital Replacement Reserve (CRR)

Corporate Services	Governance and Public Participation	Upgrade of wireless connection to service centres	Institutional	Institutional	1 300 000	2 000 000	4 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	SCADA and Control Room	Nelspruit, White River, Hazyview	14, 15, 16, 17, 30	-	1 000 000	500 000	Capital Replacement Reserve (CRR)
Concession Monitoring	Water	Reinforcement Of Beryl & Saffier Zone (Stonehenge)	Stonehenge	15	-	750 000	-	Service Contribution
Concession Monitoring	Sanitation/Sewer age	Sewer Main Outfall Upgrades - Ferreira Street (Phase 2) (Nes708)	Nelspruit ext 4 to CBD	16	3 500 000	-	-	Service Contribution
Concession Monitoring	Sanitation/Sewer age	Sewer: Extensions To Existing Networks Development Needs	Nelspruit	14; 15; 16; 17		-	350 000	Service Contribution
Concession Monitoring	Sanitation/Sewer age	Sewer: Network Upgrading Ac Mains	Nelspruit	14; 15; 16; 17	-	-	250 000	Service Contribution
Concession Monitoring	Sanitation/Sewer age	Sewer: Pump Station Upgrades - Stonehenge	Stonehenge	15	-	900 000	-	Service Contribution
Electrical Engineering	Electricity	Stonehenge Ring Completion	Nelspruit	14, 15, 16, 17	-	-	2 000 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Storm Water Infrastructure upgrade	Shabalala / Nyongane	1		4 000 000		Municipal Infrastructure Grant - frontloading
Concession Monitoring	Sanitation/Sewer age	Sewer: Western Outfall & PS	Maggiesdal	15,16 &17			1 000 000	Service Contribution
Roads and Stormwater	Roads and Stormwater	Storm Water Infrastructure upgrade	Kanyamazane	19	2 850 000			Municipal Infrastructure Grant (MIG)
Electrical Engineering	Electricity	Substation fencing (concrete)	Nelspruit	14,15,16,17	500 000	500 000	500 000	Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Substations maintenance and refurbishment	Nelpruit, White River, Hazyview	14, 15, 16, 17, 30	-	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Tourism information office stadium		Institutional	150 000	200 000	200 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Township Tourism/ Rural Route development (KNP)		Institutional	500 000	550 000	5 000 000	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Upgrade water laboratories and procure equipment	(Kanyamazane, White River & Hazyview and package plants)	19, 30 & 1	500 000	800 000	500 000	Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Upgrade access road to Chief Khumalo residence	Gutshwakop	31		900 000		DBSA Concessionary rural loan
Electrical Engineering	Electricity	Upgrade of Anderson 33/11kV Substation	Nelspruit	14, 15, 16, 17	2 000 000	-	-	Loan
Electrical Engineering	Electricity	Upgrade of Boschrand Heights Switching Station	Nelspruit	15, 16, 17	-	7 350 000		Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Upgrade of Chweni to Spienkop bus route	Chweni	34	5 641 450			Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Upgrade of Chweni to Spienkop bus route	Chweni	34		5 700 000	11 000 000	Municipal Infrastructure Grant - frontloading
Project Management Unit	Roads and Stormwater	Upgrade of Daantjie Cemetery Road	Daantjie	21	5 206 403			Municipal Infrastructure Grant (MIG)

Concession Monitoring	Sanitation/Sewerage	Upgrade of Drumrock Sewer Pump Station	Drumrock	14	700 000	400 000		Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Eskom POS (NMD upgrade) (Mataffin, Valencia, Nelsriver & Town North)	Nelpruit, White River, Hazyview	14, 15, 16, 17, 30	3 500 000		15 000 000	Loan
Electrical Engineering	Electricity	Upgrade of Eskom POS (NMD upgrade) (Mataffin, Valencia, Nelsriver & Town North)		14, 15, 16, 17, 30		5 000 000	7 500 000	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Upgrade of financial management systems	Mbombela	Institutional	300 000	1 500 000	5 000 000	Capital Replacement Reserve (CRR)
Social Development	Community Development	Procurement of tables and chairs for community halls	Clau Clau, Gutshwa Kop, Msegwaba, Makoko, Khumbula, Luphisi, Daantjie	10, 21, 22, 31, 37, 39	200 000	170 000	120 000	Capital Replacement Reserve (CRR)
Social Development	Community Development	Upgrade of floodlights at various sport complexes	Matsulu, Kanyamazane, Kabokweni, Valencia, Nelsville, Rugby Club, Korfbal (Nelspruit), Tennis (Nelspruit) Swimming Pools	15, 16, 17, 27, 20, 30, 33	600 000	500 000	300 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Upgrade of Hazview Water Purifications		1	12 000 000		8 000 000	Loan
Water and Sanitation	Sanitation/Sewerage	Upgrade of Hillsview sewer pumpstation	White River	38	500 000			Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Upgrade of Ilanga - Matsafeni ring	Nelpruit, White River, Hazyview	14,15,16,17,30	-	3 500 000	-	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Upgrade of Intenda System to incorporate Contract Management	Mbombela	Institutional	500 000	300 000		Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Upgrade of Kanyamazane streets and bus routes	Kanyamazane	18,19, 21, 23	14 000 000	12 000 000	5 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewerage	Upgrade of Kingstonvale sewerage purification plant		17	10 000 000			Loan
Project Management Unit	Roads and Stormwater	Upgrade of Mafambisa to Spelanyane bus route	Mafambisa/Spelanyane	10	4 018 295			Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Upgrade of Makoko to Numbi Gate bus route	Makoko	37	9 796 739	12 900 000		Municipal Infrastructure Grant - frontloading
Project Management Unit	Roads and Stormwater	Upgrade of Mafambisa to Spelanyane bus route	Mafambisa/Spelanyane	10		6 500 000	8 000 000	Municipal Infrastructure Grant - frontloading
Project Management Unit	Water	Upgrade of Matsulu bulk water supply	Matsulu	27,28	6 700 000		7 400 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Upgrade of Matsulu bulk water supply	Matsulu	27,28		7 842 785		Municipal Infrastructure Grant - frontloading
Project Management Unit	Roads and Stormwater	Upgrade of Matsulu streets and bus routes	Matsulu	27,28	25 605 942			Municipal Infrastructure Grant (MIG)
Stadia management	2010 Legacy	Upgrade of Mbombela Stadium	Mbombela	14	3 000 000	3 500 000	7 000 000	Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Upgrade of Medium Voltage Feeders	Nelpruit, White River, Hazyview	14,15,16,17,30	-	3 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Mini-substations	White River	30	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Montana Switching Station	Montana	14			6 350 000	Loan
Electrical Engineering	Electricity	Upgrade of Nelspruit Electrical Offices, Standby Quarters, Canteen & Drawing Office	Nelspruit	14,15,16,17	400 000	1 500 000	1 000 000	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Upgrade of Nelspruit Municipal Stores	Mbombela	Institutional	200 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Network - Industrial area (White River)	White River	30	-	1 500 000	1 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Upgrade of Matsulu streets and bus routes	Matsulu	27,28,		10 070 000	9 698 813	Municipal Infrastructure Grant - frontloading
Project Management Unit	Water	Upgrade of Newscom Bulk and network reticulation	Newscom	36		12 000 000	7 368 000	Municipal Infrastructure Grant - frontloading
Project Management Unit	Water	Upgrade of Nyongane Water Treatment Works	Nsikazi North	All Wards	2 631 579	8 771 930	21 929 825	Regional Bulk Infrastructure Grant
Project Management Unit	Roads and Stormwater	Upgrade of Phumlani bus route	Phumlani	14	1 400 000			EPWP
Electrical Engineering	Electricity	Upgrade of Riverside - Waterworks	Nelspruit	14, 15, 16, 17		1 500 000	-	Capital Replacement Reserve (CRR)

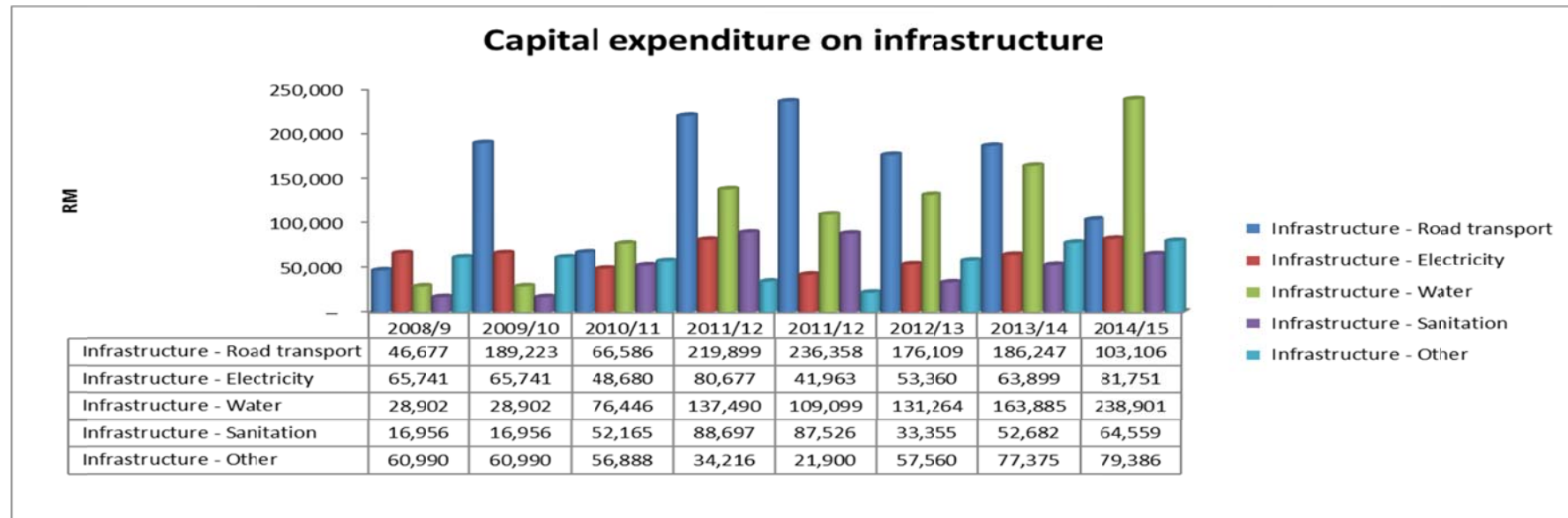
Electrical Engineering	Electricity	Upgrade of Rural overhead lines	WhiteRiver	30	-	1 400 000	1 000 000	Capital Replacement Reserve (CRR)
Rural and Urban Management	Governance and Public Participation	Upgrade of the Town Planning Electronic System		Institutional	500 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Town Central Substation	WhiteRiver	30			7 350 000	Loan
Electrical Engineering	Electricity	Upgrade of Town North - Kingsview Ext3 network - (o/h to u/g)	WhiteRiver	30	-	1 699 182	500 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Town North - WRCE network - (o/h to u/g)	WhiteRiver	30	-	3 000 000	4 200 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Town North Substation	WhiteRiver	30	5 500 000			Loan
Electrical Engineering	Electricity	Upgrade of Valencia Substation	Valencia Park	14	5 500 000			Loan
Electrical Engineering	Electricity	Upgrade of West Acres - Steiltes 33kV O/H Line	Nelspruit	14, 15, 16, 17		2 000 000	-	Capital Replacement Reserve (CRR)
Water and Sanitation	Sanitation/Sewerage	Upgrade of White River Country Estate sewer pumpstation	White River	30	500 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of White River Electrical Offices, Canteen, Standby Quarters & Ablution facilities	WhiteRiver	30	200 000	1 000 000	700 000	Capital Replacement Reserve (CRR)
Project Management Unit	Community Development	Upgrade of White River moth		30	500 000			Capital Replacement Reserve (CRR)
Concession Monitoring	Water	Upgrades Central Zone - Owtw Pumpline To Old Pta Road	Nelspruit	15; 16; 17	-	1 200 000	-	Service Contribution

Water and Sanitation	Water	Upgrading and extension of Hazyview water network as per Water Master Plan	Hazyview	1		4 946 322	9 314 152	Capital Replacement Reserve (CRR)
Water and Sanitation	Sanitation/Sewerage	Upgrading and extension of sewerage infrastructure as per Sewerage Master Plan	White River, Rocky Drift, Hillsvie	8,30,38		2 211 660	5 839 547	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Upgrading and extension of water network as per Water Master Plan	Rocky Drift, Phumlani, White River, Hillsvie	8,14,30,38			21 461 122	Loan
Water and Sanitation	Water	Upgrading and extension of water network as per Water Master Plan	Rocky Drift, Phumlani, White River, Hillsvie	8,14,30,38		8 194 361		Capital Replacement Reserve (CRR)
Roads and Stormwater	Roads and Stormwater	Upgrading Bosch Street Intersection to Traffic Circle	Nelspruit	14		1 000 000		Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Upgrading of Ablution and Nursery Facilities	Mbombela	Institutional	400 000	900 000		Capital Replacement Reserve (CRR)
Social Development	Community Development	Upgrading of community halls	Clau Clau, Gutshwa Kop, Khumbula, White River, Makoko, Luphisi, Daantjie	10, 23, 30, 31 36, 37	700 000	2 000 000	2 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Upgrading of intersections on Enos Maduza Drive	Nelspruit	15,16		1 000 000	750 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Upgrading of Karino Bulk Water for Dwaleni, Backdoor reservoir and Kabokweni OMO Reservoir - Phase 2	Tekwane north, Dwaleni, Backdoor and Kabokweni	26 & 27		39 645 397	30 307 326	Municipal Infrastructure Grant - frontloading

Project Management Unit	Water	Upgrading of Karino Bulk Water for Tekwane North and Tekwane South Ext. 2 - Phase 1		26	30 000 000	22 000 000		Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Upgrading of Skukuza/Lower Sabie Water Purification Plant	Kruger National Park	39	3 821 345			Municipal Infrastructure Grant - frontloading
Project Management Unit	Roads and Stormwater	Valencia pedestrian bridge - replace balustrade	Valencia Park	14	300 000			Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Vehicular and Pedestrian Crossing Structure in Nsikazi North	Nsikazi North	25	2 396 000			Municipal Infrastructure Grant (MIG)
Water and Sanitation	Water	Water conservation and demand management strategy and implementation (water loss management)	All wards	All wards	1 200 000	1 272 000	2 399 200	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Water: 4660mx 450mm Ø Pumping feeder pipe line from Boschrand Heights to White River reservoir [BLK.B2]	Rocky Drift	14,30,38	6 500 000			Loan
Concession Monitoring	Water	Water: Bulk & Network upgrades	Nelspruit	15; 16; 17				Service Contribution
Concession Monitoring	Water	Water: Network upgrading Central Zone AC mains	CBD	15; 16; 17				Service Contribution
Concession Monitoring	Water	Water: Network upgrading Giraffe Zone AC mains	Giraffe	16			300 000	Service Contribution
Concession Monitoring	Water	Water: Upgrades in Nelspruit Extension	Nelspruit	15; 16; 17	-	-	250 000	Service Contribution
Concession Monitoring	Water	Water: Upgrades Sonheuwel Upper Plan	Sonheuwel	15	-	350 000	-	Service Contribution
Concession Monitoring	Water	Water: Upgrades To Giraffe Internal Network	Nelspruit ext 2 & 4	16	-	750 000	750 000	Service Contribution
Concession Monitoring	Water	Water: Upgrading Of 'Saffier' Ps (Beryl Zone)	Stonehenge	15	-	450 000	-	Service Contribution

Concession Monitoring	Water	Water: Upgrading of Valencia Pipeline (Phase 3 - N4 To Reservoir)	Valencia Park	17	1 000 000	-	-	Service Contribution
Concession Monitoring	Sanitation/Sewer age	White River Corridor Collector Sewers - Service Contributions	Nelspruit	14; 17	-	1 000 000	3 600 000	Service Contribution
Project Management Unit	Roads and Stormwater	Zwelisha Mluti bus route	Zwelishana	4	6 547 200	4 000 000		Municipal Infrastructure Grant (MIG)
TOTAL BUDGET					541 567 987	553 185 398	558 538 059	

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of regulation 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary

MP322 Mbombela - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges	296 934	401 690	477 462	614 561	579 339	579 339	579 339	668 878	759 641	876 090
Investment revenue	41 267	16 390	7 729	4 301	4 019	4 019	4 019	4 019	4 019	4 019
Transfers recognised - operational	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Other own revenue	681 570	613 243	236 465	450 360	470 631	470 631	470 631	484 600	551 036	472 697
Total Revenue (excluding capital transfers and contributions)	1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 599 731	1 759 289	1 977 071	2 086 017
Employee costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
Remuneration of councillors	13 811	15 605	16 952	18 673	18 973	18 973	18 973	20 111	21 116	22 172
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Finance charges	11 517	18 822	35 869	41 467	37 429	37 429	37 429	42 168	41 943	59 140
Materials and bulk purchases	171 599	211 512	272 998	357 835	366 459	366 459	366 459	400 326	454 542	513 702
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	384 807	560 899	455 076	431 443	457 844	457 844	457 844	520 910	557 129	566 805
Total Expenditure	1 107 229	1 300 953	1 433 847	1 587 876	1 552 607	1 552 607	1 552 607	1 703 255	1 855 104	1 984 263
Surplus/(Deficit)	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	56 035	121 967	101 754
Surplus/(Deficit) after capital transfers & contributions	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	56 035	121 967	101 754
Surplus/(Deficit) for the year	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	56 035	121 967	101 754
Capital expenditure & funds sources										
Capital expenditure	710 483	853 380	301 246	637 110	535 596	535 596	535 596	541 568	553 185	558 538
Transfers recognised - capital	591 215	584 563	128 676	347 616	324 262	324 262	324 262	321 281	341 904	189 877
Public contributions & donations	–	15 593	–	6 300	6 300	6 300	6 300	4 500	5 400	6 500

Borrowing	22 252	130 940	70 140	70 522	43 690	43 690	43 690	137 330	22 649	119 661
Internally generated funds	97 016	122 284	102 430	212 672	161 344	161 344	161 344	78 457	183 232	242 500
Total sources of capital funds	710 483	853 380	301 246	637 110	535 596	535 596	535 596	541 568	553 185	558 538
Financial position										
Total current assets	647 603	271 198	147 130	197 337	137 966	137 966	137 966	217 264	282 522	361 794
Total non current assets	5 958 791	5 598 191	5 622 873	5 755 074	5 836 159	5 836 159	5 836 159	6 061 789	6 306 524	6 559 499
Total current liabilities	604 221	573 033	492 541	335 303	362 303	362 303	362 303	184 593	176 502	173 509
Total non current liabilities	151 827	148 712	329 815	320 394	314 849	314 849	314 849	459 311	437 844	410 761
Community wealth/Equity	5 850 345	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700	6 337 023
Cash flows										
Net cash from (used) operating	1 296 223	(778 927)	238 464	458 571	540 198	540 198	540 198	400 448	552 555	556 803
Net cash from (used) investing	(1 145 993)	163 971	(303 556)	(495 465)	(508 816)	(508 816)	(508 816)	(515 432)	(534 375)	(544 886)
Net cash from (used) financing	(9 814)	(8 437)	137 046	28 400	(4 738)	(4 738)	(4 738)	204 868	56 000	74 937
Cash/cash equivalents at the year end	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	132 301	206 481	293 335
Cash backing/surplus reconciliation										
Cash and investments available	587 230	(44 439)	38 370	98 013	54 505	54 505	54 505	151 473	226 659	314 573
Application of cash and investments	527 556	435 010	355 533	210 346	208 743	208 743	208 743	109 764	110 048	110 316
Balance - surplus (shortfall)	59 674	(479 449)	(317 163)	(112 333)	(154 238)	(154 238)	(154 238)	41 709	116 612	204 257
Asset management										
Asset register summary (WDV)	5 937 799	5 585 390	5 599 796	5 742 777	5 823 128	5 823 128	6 042 617	6 042 617	6 286 346	6 538 261
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	288 339	288 339	290 646	292 971
Renewal of Existing Assets	–	1	185 581	424 405	350 890	350 890	350 890	253 869	273 383	322 449
Repairs and Maintenance	99 032	131 091	131 180	135 634	143 299	143 299	153 645	153 645	168 961	190 715
Free services										
Cost of Free Basic Services provided	1 670	27 813	39 180	43 992	43 992	43 992	50 764	50 764	55 697	61 566
Revenue cost of free services provided	22 230	120 431	120 431	125 996	125 996	125 996	148 013	148 013	162 247	179 550
Households below minimum service level										
Water:	48	48	54	54	54	54	57	57	60	63
Sanitation/sewerage:	31	31	33	33	33	33	35	35	37	39
Refuse:	22	22	36	36	36	36	37	37	39	41

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.
5. The section of Free Services shows that the amount spent on Free Basic Services by the municipality continues to increase while the revenue cost continues to decrease for the MTREF.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

MP322 Mbombela - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
<i>Governance and administration</i>		330 432	471 566	473 756	747 966	806 907	806 907	937 452	1 048 629	1 030 315
Executive and council		–	–	25	–	–	–	6	7	7
Budget and treasury office		329 757	471 357	473 731	745 904	803 071	803 071	935 323	1 046 304	1 027 776
Corporate services		676	209	–	2 061	3 836	3 836	2 123	2 318	2 531
<i>Community and public safety</i>		57 133	140 919	67 509	58 522	40 267	40 267	40 323	46 445	52 863
Community and social services		977	1 245	833	1 210	1 210	1 210	17 060	18 892	19 886
Sport and recreation		108	120	41 231	16 351	8 441	8 441	–	–	–
Public safety		55 797	139 283	25 075	32 074	30 422	30 422	10 624	13 997	18 475
Health		251	272	369	8 886	194	194	12 639	13 556	14 502
<i>Economic and environmental services</i>		657 590	584 446	148 660	177 485	160 932	160 932	104 197	114 936	126 807
Planning and development		1 589	2 308	5 384	2 728	2 293	2 293	3 332	3 651	4 003
Road transport		656 002	582 138	143 276	174 757	158 639	158 639	100 865	111 286	122 804
<i>Trading services</i>		309 820	419 322	543 926	623 315	591 625	591 625	677 317	767 062	876 032
Electricity		227 314	333 719	414 588	525 034	491 034	491 034	566 806	645 209	739 594
Water		31 314	31 085	70 631	32 005	33 805	33 805	35 563	37 549	40 170
Waste water management		12 886	12 657	12 644	13 577	15 377	15 377	17 135	19 121	21 743
Waste management		38 306	41 861	46 063	52 700	51 410	51 410	57 813	65 184	74 525
Total Revenue - Standard	2	1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 759 289	1 977 072	2 086 017
Expenditure - Standard	-									
<i>Governance and administration</i>		204 026	269 589	263 727	256 679	268 368	268 368	311 645	337 598	353 438
Executive and council		23 670	139 917	24 744	27 048	40 530	40 530	39 967	45 389	49 238
Budget and treasury office		126 122	61 290	238 983	195 896	195 274	195 274	200 574	209 492	214 203
Corporate services		54 234	68 382	–	33 735	32 565	32 565	71 104	82 717	89 997
<i>Community and public safety</i>		219 885	253 193	270 778	362 012	320 754	320 754	348 075	372 928	375 757
Community and social services		100 790	124 412	43 566	220 160	199 500	199 500	176 261	199 029	139 317
Sport and recreation		8 043	13 986	155 630	9 388	2 660	2 660	66 717	70 686	131 242
Public safety		99 307	99 287	63 749	116 501	102 661	102 661	84 254	80 368	80 901
Housing		3 371	4 590	–	3 737	3 737	3 737	8 658	9 773	10 489
Health		8 374	10 918	7 832	12 225	12 195	12 195	12 185	13 071	13 808
<i>Economic and environmental services</i>		500 942	548 971	248 449	621 852	575 849	575 849	592 631	624 240	661 838

Planning and development		17 909	26 022	55 389	14 490	14 270	14 270	17 862	18 990	20 590
Road transport		482 284	522 193	193 060	606 734	560 860	560 860	571 000	600 853	636 479
Environmental protection		748	756	–	628	720	720	3 769	4 396	4 769
Trading services		182 218	225 196	650 893	344 810	385 887	385 887	449 274	518 267	590 934
Electricity		166 807	205 774	339 699	316 891	335 759	335 759	384 535	439 293	499 608
Water		4 792	1 079	100 013	6 552	11 675	11 675	13 603	20 733	24 899
Waste water management		1 658	1 658	113 985	1 698	7 435	7 435	11 535	14 908	12 479
Waste management		8 961	16 684	97 195	19 669	31 019	31 019	39 600	43 334	53 949
Other	4	158	4 004	–	2 525	1 748	1 748	1 630	2 071	2 297
Total Expenditure - Standard	3	1 107 229	1 300 953	1 433 847	1 587 877	1 552 606	1 552 606	1 703 255	1 855 105	1 984 263
Surplus/(Deficit) for the year		247 746	315 300	(199 997)	19 411	47 125	47 125	56 034	121 967	101 754

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) does balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

MP322 Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	70	–	25	–	–	–	–	–	–
Vote 4 - SECRETARY TO COUNCIL	151 160	198 406	–	–	–	–	6	7	7
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	–	51 588	–	–	–	–	–	–	–
Vote 6 - DEPUTY MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	855	–	5 384	29	–	–	–	–	–
Vote 9 - CORPORATE SERVICES	1 090	1 973	–	33	62	62	1 006	1 104	1 211
Vote 10 - FINANCIAL SERVICES	427 507	446 665	491 501	559 462	564 640	564 640	930 611	1 041 296	1 019 142
Vote 11 - TECHNICAL SERVICES	389 157	721 557	571 165	876 218	878 572	878 572	646 147	733 245	842 135
Vote 12 - COMMUNITY SERVICES	226 834	146 873	165 775	166 150	151 074	151 074	176 114	195 501	217 041
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	158 303	49 191	–	5 396	5 383	5 383	5 406	5 918	6 481
Total Revenue by Vote	1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 759 289	1 977 071	2 086 017
Expenditure by Vote to be appropriated									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	8 012	68 732	24 744	4 012	27 733	27 733	7 685	9 006	9 866
Vote 2 - OFFICE OF COUNCIL	11 853	19 638	–	9 469	–	–	9 938	10 869	11 740
Vote 3 - OFFICE OF THE CHIEF WHIP	213	9 819	–	785	–	–	963	1 150	1 252
Vote 4 - SECRETARY TO COUNCIL	7 671	29 456	–	9 646	9 691	9 691	17 557	20 041	21 704
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	121 585	8 097	–	7 576	2 226	2 226	15 449	18 014	19 640
Vote 6 - DEPUTY MUNICIPAL MANAGER	1 357	1 357	–	(343)	–	–	(703)	(640)	(619)
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	16 610	8 668	55 389	18 903	23 405	23 405	18 258	21 616	23 878
Vote 8 - TRANSVERSAL SERVICES	2 121	2 121	–	2 277	–	–	4 871	5 889	6 448
Vote 9 - CORPORATE SERVICES	22 434	58 003	–	47 395	54 416	54 416	46 057	48 732	51 285
Vote 10 - FINANCIAL SERVICES	126 122	61 290	238 983	201 620	199 848	199 848	210 874	220 720	218 059
Vote 11 - TECHNICAL SERVICES	454 355	657 319	746 758	875 771	808 386	808 386	924 604	1 009 105	1 081 976
Vote 12 - COMMUNITY SERVICES	219 283	271 277	367 973	367 921	388 795	388 795	394 203	432 893	456 752
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	115 613	105 175	–	42 844	38 107	38 107	53 497	57 709	82 281
Total Expenditure by Vote	1 107 229	1 300 953	1 433 847	1 587 877	1 552 606	1 552 606	1 703 255	1 855 104	1 984 263
Surplus/(Deficit) for the year	247 746	315 300	(199 997)	19 411	47 125	47 125	56 035	121 967	101 754

Explanatory notes Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This shows that some departments within the municipality are not revenue generating departments and therefore such departments will always have deficits where their expenditures exceed revenue, but the revenue generating departments will have revenue higher than the expenditure at department level which later contributes to the overall surplus of the municipality.

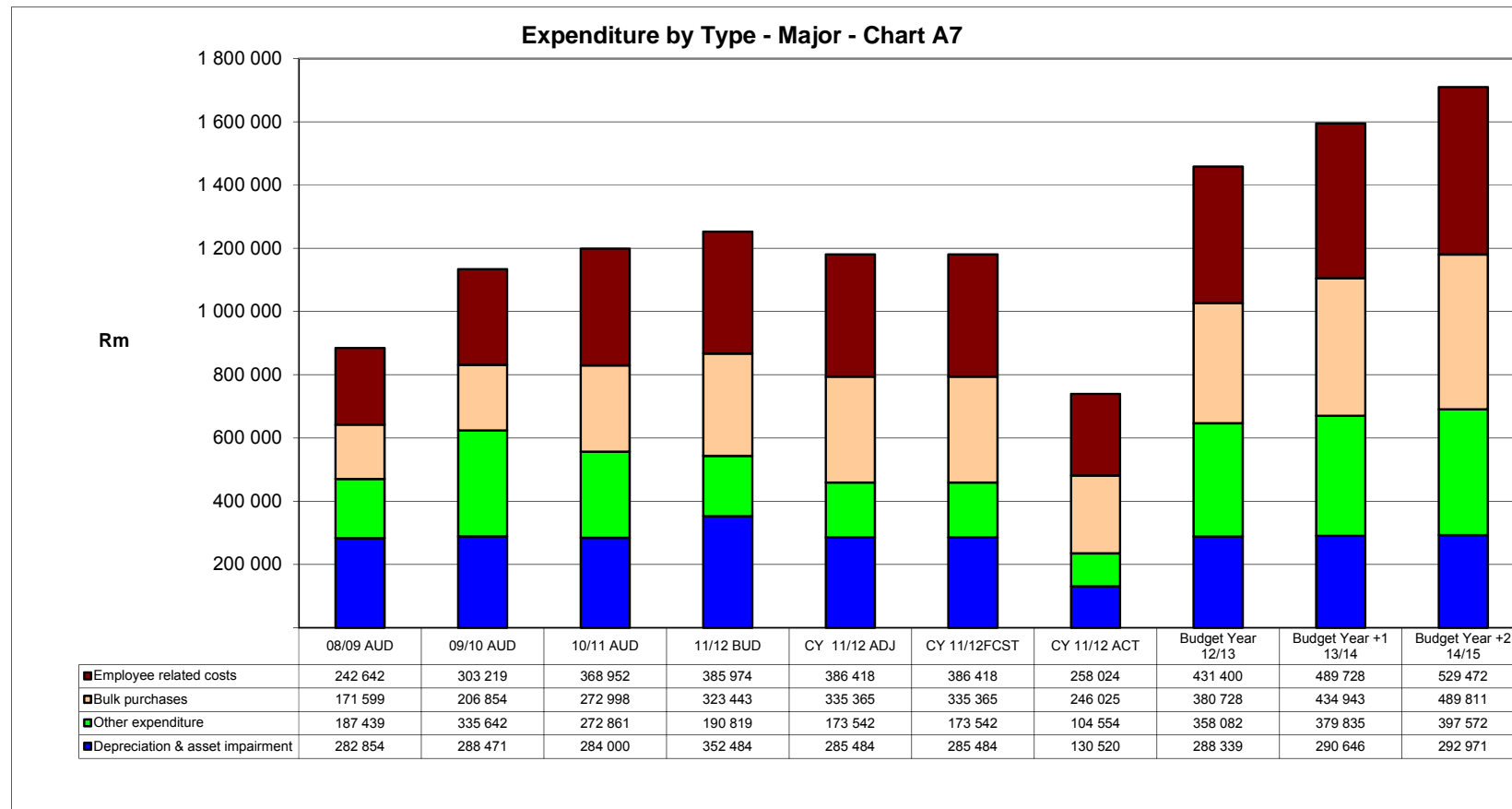
Table A4 - Budgeted Financial Performance (revenue and expenditure)

MP322 Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source										
Property rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges - electricity revenue	227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	743 855
Service charges - water revenue	18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 744	32 075	36 105
Service charges - sanitation revenue	12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 214	19 208	21 605
Service charges - refuse revenue	38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
Rental of facilities and equipment	1 596	1 412	24 220	23 064	14 047	14 047	14 047	19 441	21 560	22 913
Interest earned - external investments	41 267	16 390	7 729	4 301	4 019	4 019	4 019	4 019	4 019	4 019
Interest earned - outstanding debtors	30 810	24 027	18 625	18 339	15 521	15 521	15 521	18 954	21 195	23 704
Fines	4 557	3 023	3 079	3 742	2 162	2 162	2 162	3 742	4 117	4 488
Licences and permits	6	9	6	5 299	6 299	6 299	6 299	5 299	6 093	7 007
Agency services	18 834	20 137	20 663	71 688	71 688	71 688	71 688	87 272	95 999	105 599
Transfers recognised - operational	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Other revenue	625 767	564 371	164 746	318 674	351 361	351 361	351 361	349 893	402 073	308 986
Gains on disposal of PPE	–	263	5 126	9 555	9 555	9 555	9 555	–	–	–
Total Revenue (excluding capital transfers and contributions)	1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 599 731	1 759 289	1 977 071	2 086 017
Expenditure By Type										
Employee related costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
Remuneration of councillors	13 811	15 605	16 952	18 673	18 973	18 973	18 973	20 111	21 116	22 172
Debt impairment	101 931	51 063	8 993	68 318	84 181	84 181	84 181	76 009	85 613	72 968
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Finance charges	11 517	18 822	35 869	41 467	37 429	37 429	37 429	42 168	41 943	59 140
Bulk purchases	171 599	211 512	272 998	323 521	335 443	335 443	335 443	380 728	434 943	489 811
Other materials	–	–	–	34 315	31 016	31 016	31 016	19 599	19 599	23 891
Contracted services	95 202	174 467	172 951	172 306	158 751	158 751	158 751	86 819	91 681	96 265
Other expenditure	187 637	335 370	273 132	190 819	214 911	214 911	214 911	358 082	379 835	397 572
Loss on disposal of PPE	37	–	–	–	–	–	–	–	–	–
Total Expenditure	1 107 229	1 300 953	1 433 847	1 587 876	1 552 607	1 552 607	1 552 607	1 703 255	1 855 104	1 984 263
Surplus/(Deficit)	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	56 035	121 967	101 754

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R1.7 billion in 2012/13 and escalates to R2 billion by 2014/15 and it represents a growth of 18.3%.
2. The municipality will receive most of its revenue from service charge amounting to R950 million indicating an increase of R74 million (15%) in 2012/2013 financial year and resulting in an overall increase to R253 million over the medium-term. The revenue from electricity service charge remains relatively high at R565 million (34%) of the total operating revenue budget and other service charge contributes 23%.
3. The revenue from property rates will amount to R281 million less rates rebates in terms of the rates policy amounting to R109 million in 2012/2013 financial year and resulting in an overall increase to R390 million less rates rebate of R132 million over the medium-term (23%). The property rates revenue contributes about 16% of the total operating revenue budget.
4. Operating grants allocation comprising of equitable share, water operating subsidy grant etc. contributes 19% to the total operating revenue budget and will amount to R321 million in 2012/2013 financial year, showing an increase of 7%.
5. Revenue to be recognised from conditional grants after the grants have been utilized for the intended purpose will amount to R248 million, contributing 14% to the total operating revenue budget.
6. Other income will amount to R350 million, contributing 20% to the total operating revenue.

7. The following graph illustrates the major expenditure items per type.



The employees' remuneration cost will be R431 million in 2012/2013 financial year due to an increase of R45 million (12%) and the expenditure to the total operating revenue budget, excluding conditional grants is 29%. The employees remuneration cost will increase to R533 million in 2014/2015 financial year and the expenditure to the total operating budget will be 27%. Included in the employees remuneration cost budget is amount of R54 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation plan of the new organizational structure approved by council, under item A(65) of 27 October 2011.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R381 million due to an increase of 13.5% given to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2012.

The depreciation cost will be R288 million make up 17% of the total operating expenditure and is about 6% of the total assets carrying value of R5 178 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The general expenditure increases marginal by 16% to R143 million in 2012/2013 and the overall increase over the medium-term is R32 million (26%) to R158 million in 2014/2015 financial year. The marginal increase in general expenditure is due to continues review of the expenditure patterns and conducted with the intention of shifting funds from low priority programmes to high priority programmes in line with national government's guidelines.

A total of R93 million has been allocated during the 2012/2013 financial year for repairs and maintenance of the municipal infrastructure and assets, increasing to R110 million in 2014/2015, resulting in an increase of 18% over the medium-term.

Due to inadequate payment of municipal accounts, provision has been made for impairment of debts amounting to R76 million in 2012/2013 financial year. The provision for debt impairment represents about 8% of the total revenue to be generated from property rates and services charge such as electricity, water, refuse removal and sewerage.

An amount of R85 million has been allocated on the 2012/2013 financial year for IDP projects in response to the developmental priorities of the municipality and the total amount allocated over medium-term will be R254 million.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote										
Multi-year expenditure <i>to be appropriated</i>										
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	–	1 693	–	30	30	30	30	–	–	–
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	868	91	–	–	–	–	–	4 870	7 800	18 100
Vote 9 - CORPORATE SERVICES	90	1 910	–	3 125	3 125	3 125	3 125	5 000	5 000	4 300
Vote 10 - FINANCIAL SERVICES	497	697	1 245	4 026	2 026	2 026	2 026	9 500	8 800	6 500
Vote 11 - TECHNICAL SERVICES	674 411	691 091	277 593	399 996	342 913	342 913	342 913	329 844	373 357	267 692
Vote 12 - COMMUNITY SERVICES	21 246	124 044	22 092	47 611	25 864	25 864	25 864	26 367	29 770	34 885
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	13 369	33 381	316	35 720	35 720	35 720	35 720	17 050	40 725	39 486
Capital multi-year expenditure sub-total	710 483	853 380	301 246	490 508	409 678	409 678	409 678	392 631	465 452	370 963
Single-year expenditure <i>to be appropriated</i>										
Vote 4 - SECRETARY TO COUNCIL	–	–	–	–	–	–	–	850	–	–
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	–	–	–	12 250	5 473	5 473	5 473	–	–	–
Vote 9 - CORPORATE SERVICES	–	–	–	2 780	–	–	–	1 090	–	–
Vote 10 - FINANCIAL SERVICES	–	–	–	4 211	1 832	1 832	1 832	200	–	–
Vote 11 - TECHNICAL SERVICES	–	–	–	29 019	26 805	26 805	26 805	114 407	83 164	179 575
Vote 12 - COMMUNITY SERVICES	–	–	–	37 041	37 041	37 041	37 041	19 140	4 570	–
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	–	–	–	61 301	54 768	54 768	54 768	13 250	–	8 000
Capital single-year expenditure sub-total	–	–	–	146 602	125 918	125 918	125 918	148 937	87 734	187 575
Total Capital Expenditure - Vote	710 483	853 380	301 246	637 110	535 596	535 596	535 596	541 568	553 185	558 538

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<i>Governance and administration</i>	1 456	4 865	1 245	36 750	17 825	17 825	17 825	22 970	21 318	24 835
Executive and council	–	2 166	–	–	–	–	–	–	–	–
Budget and treasury office	497	697	1 245	15 700	3 658	3 658	3 658	5 400	9 090	10 385
Corporate services	958	2 001	–	21 050	14 167	14 167	14 167	17 570	12 228	14 450
<i>Community and public safety</i>	21 246	124 044	22 092	59 500	30 108	30 108	30 108	46 357	34 680	66 605
Community and social services	9 299	100 736	22 092	14 500	25 108	25 108	25 108	36 380	26 570	56 110
Sport and recreation	–	–	–	–	5 000	5 000	5 000	6 000	3 500	7 000
Public safety	11 947	23 308	–	45 000	–	–	–	3 977	4 610	3 495
<i>Economic and environmental services</i>	50 158	97 787	316	218 066	244 874	244 874	244 874	214 166	209 630	120 895
Planning and development	13 369	33 381	316	19 500	13 116	13 116	13 116	18 350	15 075	24 736
Road transport	36 789	64 406	–	198 566	231 758	231 758	231 758	195 816	194 555	96 159
<i>Trading services</i>	117 512	127 222	277 593	322 794	242 788	242 788	242 788	258 075	287 558	346 203
Electricity	35 959	28 130	277 593	80 677	39 913	39 913	39 913	56 731	63 306	82 755
Water	81 552	99 092	–	137 690	111 549	111 549	111 549	130 989	148 563	166 983
Waste water management	–	–	–	88 427	87 526	87 526	87 526	50 755	58 703	74 679
Waste management	–	–	–	16 000	3 800	3 800	3 800	19 600	16 986	21 786
<i>Other</i>	520 111	499 462	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	710 483	853 380	301 246	637 110	535 596	535 596	535 596	541 568	553 185	558 538
<u>Funded by:</u>										
National Government	591 215	578 563	128 676	347 616	324 262	324 262	324 262	321 281	341 904	189 877
Provincial Government	–	6 000	–	–	–	–	–	–	–	–
Transfers recognised - capital	591 215	584 563	128 676	347 616	324 262	324 262	324 262	321 281	341 904	189 877
Public contributions & donations	–	15 593	–	6 300	6 300	6 300	6 300	4 500	5 400	6 500
Borrowing	22 252	130 940	70 140	70 522	43 690	43 690	43 690	137 330	22 649	119 661
Internally generated funds	97 016	122 284	102 430	212 672	161 344	161 344	161 344	78 457	183 232	242 500
Total Capital Funding	710 483	853 380	301 246	637 110	535 596	535 596	535 596	541 568	553 185	558 538

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R392 million has been allocated of the total R541 million capital budget, which totals 72%. This allocation escalates to R553 million in 2013/14 and R558 million in 2014/15.
3. Single-year capital expenditure has been appropriated at R148 million for the 2012/13 to R187 million in 2014/15.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds the availability of internal reserves will depend largely on collection of outstanding debts which has been projected at 36% on average per annum over the medium term. For 2012/13, capital grants totals R251 million and decrease to R292 million by 2013/14 and increase again to R214 million by 2014/15. Borrowing has been provided at R60 million, R40 million and R60 million over the MTREF with internally generated funding totaling R157 million, R225 million and R305 million for each of the respective financial years of the MTREF.
6. The grants in-kind allocation for the 2012/2013 budget year amounts to R18 million.

Table A6 - Budgeted Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS										
Current assets										
Cash	567 212 597	25 864 540	15 773	85 925	42 417	42 417	42 417	132 301	206 481	293 335
Consumer debtors	45 290	47 382	72 165	81 503	65 640	65 640	65 640	53 408	42 749	33 333
Other debtors	21 341 048	183 386	45 200	15 058	15 058	15 058	15 058	15 961	16 919	17 934
Inventory	13 758 629	14 564 714	13 992	14 851	14 851	14 851	14 851	15 594	16 373	17 192
Total current assets	647 603	271 198	147 130	197 337	137 966	137 966	137 966	217 264	282 522	361 794
Non current assets										
Long-term receivables	974 883	1 059 679	480	–	734	734	734	–	–	–
Investments	20 017 418	11 741 844	22 597	12 088	12 088	12 088	12 088	19 171	20 178	21 238
Investment property	351 610 885	404 441 230	401 473	401 473	401 473	401 473	401 473	401 473	401 473	401 473
Property, plant and equipment	5 583 104	5 178 103	5 190 720	5 333 701	5 414 052	5 414 052	5 414 052	5 641 144	5 884 873	6 136 788
Biological	95	–	–	–	–	–	–	–	–	–
Intangible	2 989	2 846	7 603	7 603	7 603	7 603	7 603	–	–	–
Other non-current assets	–	–	–	210	210	210	210	–	–	–
Total non current assets	5 958 791	5 598 191	5 622 873	5 755 074	5 836 159	5 836 159	5 836 159	6 061 789	6 306 524	6 559 499
TOTAL ASSETS	6 606 394	5 869 389	5 770 002	5 952 411	5 974 125	5 974 125	5 974 125	6 279 052	6 589 046	6 921 293
LIABILITIES										
Current liabilities										
Bank overdraft	–	82 045 108	–	–	–	–	–	–	–	–
Borrowing	7 789	21 861	13 261	40 772	40 772	40 772	40 772	12 278	12 278	12 278
Consumer deposits	1 642 314	1 859 900	1 834	1 834	1 834	1 834	1 834	1 926	2 041	2 164
Trade and other payables	592 796	465 204	474 981	290 464	317 464	317 464	317 464	168 000	159 650	156 383
Provisions	1 994 000	2 063 000	2 464	2 233	2 233	2 233	2 233	2 389	2 533	2 685
Total current liabilities	604 221	573 033	492 541	335 303	362 303	362 303	362 303	184 593	176 502	173 509
Non current liabilities										
Borrowing	67 817	35 421	175 645	179 498	179 498	179 498	179 498	323 345	301 226	273 452
Provisions	84 011	113 291	154 170	140 896	135 351	135 351	135 351	135 966	136 618	137 308
Total non current liabilities	151 827	148 712	329 815	320 394	314 849	314 849	314 849	459 311	437 844	410 761
TOTAL LIABILITIES	756 049	721 745	822 356	655 697	677 153	677 153	677 153	643 904	614 346	584 270
NET ASSETS	5 850 345	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700	6 337 023
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	5 850 345	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700	6 337 023
TOTAL COMMUNITY WEALTH/EQUITY	5 850 345	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700	6 337 023

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Table A7 - Budgeted Cash Flow Statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ralepayers and other	1 138 964	156 534	924 021	1 086 661	1 100 791	1 100 791	1 100 791	1 227 225	1 377 636	1 559 361
Government - operating	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Government - capital	591 566	528 045	122 033	234 065	200 031	200 031	200 031	248 523	283 093	205 065
Interest	72 078	40 417	26 354	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(674 666)	(1 882 840)	(1 112 403)	(1 129 246)	(1 032 291)	(1 032 291)	(1 032 291)	(1 355 846)	(1 420 240)	(1 538 614)
Finance charges	(11 517)	(18 822)	(35 869)	(31 531)	(27 329)	(27 329)	(27 329)	(40 060)	(39 846)	(56 183)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 296 223	(778 927)	238 464	458 571	540 198	540 198	540 198	400 448	552 555	556 803
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	6 121	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	(59)	(85)	580	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(2 333)	8 276	(10 855)	-	-	-	-	-	-	-
Payments										
Capital assets	(1 143 600)	155 780	(299 402)	(495 465)	(508 816)	(508 816)	(508 816)	(515 432)	(534 375)	(544 886)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 145 993)	163 971	(303 556)	(495 465)	(508 816)	(508 816)	(508 816)	(515 432)	(534 375)	(544 886)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	121 500	163 953	73 961
Borrowing long term/refinancing	884	272	(156)	50 000	43 690	43 690	43 690	100 000	-	120 000
Payments										
Repayment of borrowing	(10 699)	(8 709)	137 202	(21 600)	(48 428)	(48 428)	(48 428)	(16 633)	(107 954)	(119 024)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(9 814)	(8 437)	137 046	28 400	(4 738)	(4 738)	(4 738)	204 868	56 000	74 937
NET INCREASE/ (DECREASE) IN CASH HELD	140 417	(623 393)	71 954	(8 494)	26 644	26 644	26 644	89 884	74 180	86 854
Cash/cash equivalents at the year begin:	426 796	567 213	(56 181)	94 419	15 773	15 773	15 773	42 418	132 301	206 481
Cash/cash equivalents at the year end:	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	132 301	206 481	293 335

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R132 million as at the end of the 2012/13 financial year and escalates to R293 million by 2014/15.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available										
Cash/cash equivalents at the year end	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	132 301	206 481	293 335
Other current investments > 90 days	(0)	(0)	(0)	–	–	–	0	–	–	–
Non-current assets - Investments	20 017	11 742	22 597	12 088	12 088	12 088	12 088	19 171	20 178	21 238
Cash and investments available:	587 230	(44 439)	38 370	98 013	54 505	54 505	54 505	151 473	226 659	314 573
Application of cash and investments										
Unspent conditional transfers	414 185	137 632	157 464	157 464	157 464	157 464	157 464	33 000	34 650	36 383
Statutory requirements	2 668	–	–	–	–	–	–	–	–	–
Other working capital requirements	110 703	297 379	197 418	51 962	50 359	50 359	50 359	75 661	74 295	72 831
Other provisions	–	–	651	920	920	920	920	1 103	1 103	1 103
Total Application of cash and investments:	527 556	435 010	355 533	210 346	208 743	208 743	208 743	109 764	110 048	110 316
Surplus(shortfall)	59 674	(479 449)	(317 163)	(112 333)	(154 238)	(154 238)	(154 238)	41 709	116 612	204 257

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modeled to progressively move from a deficit of R154 million in 2011/12/ to a surplus of R204 million by 2014/15.

Table A9 - Asset Management**MP322 Mbombela - Table A9 Asset Management**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
Total New Assets	1	710 834	853 380	115 665	212 705	184 706	184 706	288 691	277 519	233 557
Infrastructure - Road transport		46 677	189 223	31 292	30 245	42 615	42 615	115 409	112 421	35 120
Infrastructure - Electricity		65 741	65 741	31 030	32 389	35 389	35 389	39 060	23 000	22 101
Infrastructure - Water		28 902	28 902	11 032	64 041	42 488	42 488	58 750	43 758	92 268
Infrastructure - Sanitation		16 956	16 956	643	30 000	30 000	30 000	25 755	48 570	58 520
Infrastructure - Other		60 990	60 990	41 186	21 900	21 900	21 900	37 340	40 200	16 553
Infrastructure		219 266	361 812	115 184	178 575	172 392	172 392	276 314	267 949	224 562
Community		440 760	440 760	–	12 500	6 000	6 000	12 377	9 570	8 995
Other assets	6	50 807	50 807	482	21 131	5 814	5 814	–	–	–
Intangibles		–	–	–	500	500	500	–	–	–
Total Renewal of Existing Assets	2	–	1	185 581	424 405	350 890	350 890	253 869	273 383	322 449
Infrastructure - Road transport		–	–	35 293	189 654	193 743	193 743	60 700	73 825	67 986
Infrastructure - Electricity		–	–	17 650	48 288	6 574	6 574	14 300	40 899	59 650
Infrastructure - Water		–	–	65 414	73 449	66 610	66 610	72 514	120 127	146 633
Infrastructure - Sanitation		–	–	51 521	58 697	57 526	57 526	7 600	4 112	6 040
Infrastructure - Other		–	–	15 703	12 316	–	–	89 525	24 700	32 050
Infrastructure		–	–	185 581	382 405	324 454	324 454	244 639	263 663	312 359
Community		–	1	–	10 700	5 800	5 800	9 230	9 720	10 090
Other assets	6	–	–	–	31 300	20 636	20 636	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		46 677	189 223	66 586	219 899	236 358	236 358	176 109	186 247	103 106
Infrastructure - Electricity		65 741	65 741	48 680	80 677	41 963	41 963	53 360	63 899	81 751
Infrastructure - Water		28 902	28 902	76 446	137 490	109 099	109 099	131 264	163 885	238 901
Infrastructure - Sanitation		16 956	16 956	52 165	88 697	87 526	87 526	33 355	52 682	64 559
Infrastructure - Other		60 990	60 990	56 888	34 216	21 900	21 900	126 865	64 900	48 603
Infrastructure		219 266	361 812	300 765	560 979	496 846	496 846	520 953	531 612	536 920
Community		440 760	440 761	–	23 200	11 800	11 800	21 607	19 290	19 085
Other assets		50 807	50 807	482	52 431	26 450	26 450	–	–	–
Intangibles		–	–	–	500	500	500	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	710 834	853 380	301 246	637 110	535 596	535 596	542 560	550 902	556 005

ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>		3 762 476	2 367 917	1 353 295	1 453 295	1 476 546	1 476 546	1 550 374	1 627 892	1 709 287
<i>Infrastructure - Electricity</i>		118 637	430 501	454 994	474 994	487 452	487 452	511 825	537 416	564 287
<i>Infrastructure - Water</i>		344 005	1 385 908	1 274 690	1 144 767	1 283 441	1 283 441	1 347 613	1 414 993	1 485 743
<i>Infrastructure - Sanitation</i>		188 570	207 427	482 082	582 082	592 928	592 928	578 964	607 912	638 308
<i>Infrastructure - Other</i>		165 537	182 091	466 267	566 267	572 719	572 719	601 355	573 002	580 897
Infrastructure		4 579 225	4 573 844	4 031 328	4 221 406	4 413 087	4 413 087	4 590 131	4 761 216	4 978 523
Community		934 473	527 920	1 079 316	999 720	1 000 965	1 000 965	1 051 013	1 123 657	1 158 266
Heritage assets		77	77	–	–	–	–	–	–	–
Investment properties		351 611	404 441	401 473	401 473	401 473	401 473	401 473	401 473	401 473
Other assets		69 330	76 263	80 076	112 575	–	–	–	–	–
Biological assets		95	–	–	–	–	–	–	–	–
Intangibles		2 989	2 846	7 603	7 603	7 603	7 603	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	5 937 799	5 585 390	5 599 796	5 742 777	5 823 128	5 823 128	6 042 617	6 286 346	6 538 261
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		282 854	196 892	284 000	352 484	285 484	285 484	288 339	290 646	292 971
Repairs and Maintenance by Asset Class	3	99 032	131 091	131 180	135 634	143 299	143 299	153 645	168 961	190 715
<i>Infrastructure - Road transport</i>		29 058	48 307	49 950	43 181	42 445	42 445	36 842	40 883	42 677
<i>Infrastructure - Electricity</i>		25 738	25 046	22 742	22 614	25 106	25 106	29 027	31 099	33 120
<i>Infrastructure - Water</i>		13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
<i>Infrastructure - Sanitation</i>		10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
<i>Infrastructure - Other</i>		5 830	9 824	11 989	13 976	13 407	13 407	15 417	16 399	18 431
Infrastructure		84 579	107 397	107 890	107 945	111 665	111 665	117 981	129 345	140 535
Community		10 150	14 307	16 455	21 415	24 356	24 356	28 076	30 533	40 919
Other assets	6, 7	4 303	9 387	6 835	6 274	7 278	7 278	7 588	9 082	9 261
TOTAL EXPENDITURE OTHER ITEMS		381 886	327 983	415 180	488 119	428 783	428 783	441 984	459 607	483 686
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	61.6%	66.6%	65.5%	65.5%	46.8%	49.6%	58.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	65.3%	120.4%	122.9%	122.9%	88.0%	94.1%	110.1%
<i>R&M as a % of PPE</i>		1.8%	2.5%	2.5%	2.5%	2.6%	2.6%	2.7%	2.9%	3.1%
<i>Renewal and R&M as a % of PPE</i>		2.0%	2.0%	6.0%	10.0%	8.0%	8.0%	7.0%	7.0%	8.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. For the 2012/13 financial year, 76% or (R118 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 23.9% (R36 million), followed by Electricity totaling 18.8% (R29 million), Community at 18% (R28 million), water at 14% (R22 million), infrastructure - other assets has been allocated R15 million of total repairs and maintenance equating to 10%, sanitation is at 9.45% (R14 million) and other assets is allocated an amount of R7 million.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

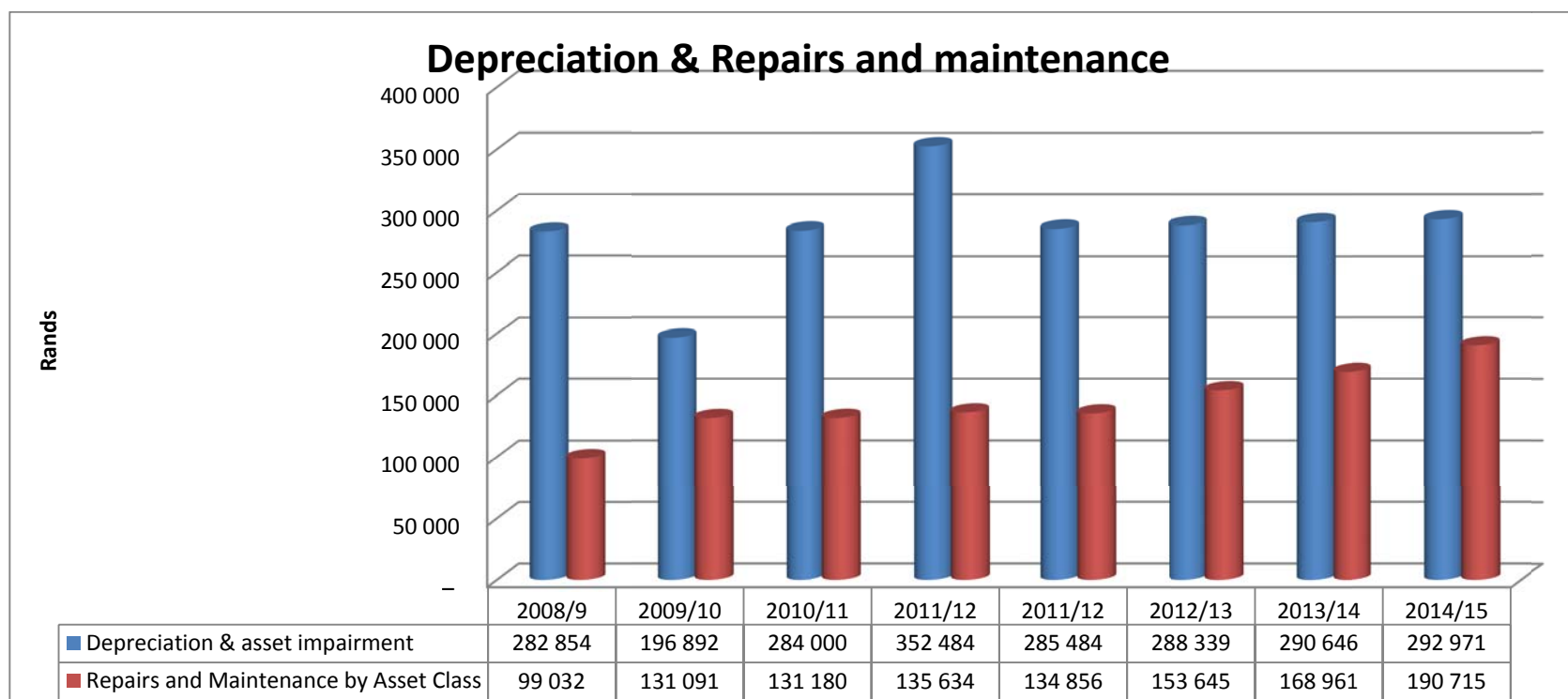


Table A10 - Basic Service Delivery Measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		58	58	65	69	69	69	72	76	79
Piped water inside yard (but not in dwelling)		68	68	78	83	83	83	87	92	96
Using public tap (at least min.service level)	2	47	47	54						
Other water supply (at least min.service level)	4	6	6	7						
<i>Minimum Service Level and Above sub-total</i>		179 748	179 748	204 131	151 681	151 681	151 681	159 264	167 226	175 556
Using public tap (< min.service level)	3	47	47	54	54	54	54	56	59	62
No water supply		1	1	1	1	1	1	1	1	1
<i>Below Minimum Service Level sub-total</i>		47 562	47 562	54 241	54 241	54 241	54 241	56 952	59 799	62 788
Total number of households	5	227 310	227 310	258 372	205 922	205 922	205 922	216 216	227 025	238 344
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		59	59	74	74	74	74	78	82	86
Flush toilet (with septic tank)		4	4	1	1	1	1	1	1	1
Chemical toilet		7	7	8	8	8	8	9	9	10
Pit toilet (ventilated)		99	99	111	111	111	111	117	122	129
<i>Minimum Service Level and Above sub-total</i>		170 026	170 026	194 145	194 145	194 145	194 145	203 852	213 907	224 608
Other toilet provisions (< min.service level)		20	20	22	22	22	22	23	24	26
No toilet provisions		11	11	11	11	11	11	12	12	13
<i>Below Minimum Service Level sub-total</i>		30 736	30 736	33 270	33 270	33 270	33 270	34 934	36 681	38 515
Total number of households	5	200 762	200 762	227 415	227 415	227 415	227 415	238 786	250 588	263 123
<u>Energy:</u>										
Electricity (at least min.service level)		5	5	7	7	7	7	7	7	8
Electricity - prepaid (min.service level)		0	0	0	0	0	0	-	-	-
<i>Minimum Service Level and Above sub-total</i>		5 676	5 676	6 954	6 954	6 954	6 954	7 077	7 431	7 803
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	5 676	5 676	6 954	6 954	6 954	6 954	7 077	7 431	7 803
<u>Refuse:</u>										
Removed at least once a week		67								
<i>Minimum Service Level and Above sub-total</i>		66 555	-	-	-	-	-	-	-	-
Removed less frequently than once a week		10	10	15	15	15	15	15	16	17

Using communal refuse dump		2	2	7	7	7	7	7	8	8
Using own refuse dump		5	5	6	6	6	6	7	7	8
No rubbish disposal		5	5	8	8	8	8	8	8	9
<i>Below Minimum Service Level sub-total</i>		21 599	21 599	35 656	35 656	35 656	35 656	37 439	39 311	41 276
Total number of households	5	88 154	21 599	35 656	35 656	35 656	35 656	37 439	39 311	41 276
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		6	6	9	9	9	10	10	10	11
Sanitation (free minimum level service)		6	6	9	9	9	9	10	10	11
Electricity/other energy (50kwh per household per month)		6	6	9	9	9	9	10	10	11
Refuse (removed at least once a week)		1	1	2	2	2	2	2	2	2
Cost of Free Basic Services provided (R'000)	8	–	–							
Water (6 kilolitres per household per month)		425	21 778	32 198	35 418	35 418	35 418	39 323	43 019	47 493
Electricity/other energy (50kwh per household per month)		1 245	4 500	5 355	6 785	6 785	6 785	9 271	10 291	11 423
Refuse (removed once a week)			1 535	1 627	1 789	1 789	1 789	2 170	2 387	2 650
Total cost of FBS provided (minimum social package)		1 670	27 813	39 180	43 992	43 992	43 992	50 764	55 697	61 566
Highest level of free service provided										
Property rates (R value threshold)		–		80 000	80 000	80 000	80 000	80 000	80 000	80 000
Water (kilolitres per household per month)		6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000
Sanitation (kilolitres per household per month)		6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		–	3 019	3 019	3 373	3 373	3 373			
Property rates (other exemptions, reductions and rebates)		–	77 651	77 651	86 589	86 589	86 589	108 690	119 228	132 057
Water		19 482	32 198	32 198	35 418	35 418	35 418	39 323	43 019	47 493
Sanitation		425	581	581	616	616	616			
Electricity/other energy		1 077	5 355	5 355						
Refuse		1 245	1 627	1 627						
Total revenue cost of free services provided (total social package)		22 230	120 431	120 431	125 996	125 996	125 996	148 013	162 247	179 550

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these Free Basic Services will cost the municipality R50 million in 2012/13, increasing to R61 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.
2. In addition to the Free Basic Services, the Municipality also 'gives' households R148 million in free services in 2012/13, and it increases to R179 million in 2014/15. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 26 August 2011. Key dates applicable to the process were:

(a) Planning Phase

The Mayor tabled in Council the required the IDP and budget time schedule on 26 August 2011 Resolution (A8) The following process was followed during the review of MLM IDP and Budget for 2011/2012.

(b) Analysis Phase

Community based Planning (CBP) meetings took place during October 2010 until January 2011. The main aim of the meetings was to give the communities an opportunity to raise priorities issues that need to be addressed on the 2011/2012 budget.

(c) Strategy Phase

On 09 - 11 November 2012: Joint strategic planning session of the Mayoral committee and Senior Management was held at Hulala and it was agreed that they should integrate the IDP process and the Sakha iMbombela turnaround strategy to fulfil the municipality's vision, taking into consideration five Key Performance Areas of the municipality, which are Basic Services, Local Economic Development, Institutional Development & Transformation, Financial Viability and Management and Good Governance & Public Participation.

(d) Project Phase

On 16 March 2012: The municipality also held a follow up Lekgotla where the Members of Mayoral Committee and Senior Management developed a prioritization model for projects as per the funding capacity of the municipality over the medium-term.

(e) Integration Phase

The municipality has integrated its capital projects as informed by the vision, objectives and strategies developed and resources available. In addressing the notion of duplication and operating in silos, the municipality has included projects from the district municipality, sector departments and Eskom. The municipality is also in the process of developing and reviewing its sector plans.

These among others, include Spatial Development Framework, Local Economic Development Strategy, Comprehensive Infrastructure Plan and Disaster Management that will assist the municipality in achieving its vision.

(f) Approval Phase

31 May 2012: The final IDP and Budget for 2012/13 was approved by Council.

2.1.2 IDP and service delivery and budget implementation plan

It started in August 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- (p) Registration of community needs;
- (q) Compilation of departmental business plans including key performance indicators and targets;
- (r) Financial planning and budgeting process;
- (s) Public participation process;
- (t) Compilation of the SDBIP, and
- (u) The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial modelling and key planning drivers

As part of the compilation of the 2011/12 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 – 2014/2015 annual budget and MTREF:

- (a) Municipality's growth
- (b) Policy priorities and strategic objectives
- (c) Asset maintenance
- (d) Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- (e) Performance trends

- (f) The approved 2011/12 adjustments budget and performance against the SDBIP
- (g) Cash Flow Management
- (h) Debtor payment levels
- (i) Loan and investment possibilities
- (j) The need for tariff increases versus the ability of the community to pay for services;
- (k) Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54,55,58 and 59 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community consultation

Chapter 4 of the MSA states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the municipality including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councillors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

2.1.5 Committees and participation

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. MLM's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Corporate Strategy (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the municipality and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councillors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the municipality.

The final 2012/13 MTREF as tabled before Council on 31 May 2012 for community consultation was published on the municipality's website, and hard copies were made available at Service centre offices, municipal notice boards and various libraries on the 13 of April 2012.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- (a) Green Paper on National Strategic Planning of 2009;
- (b) Government Programme of Action;
- (c) Development Facilitation Act of 1995;
- (d) Provincial Growth and Development Strategy (GGDS);

- (e) National and Provincial spatial development perspectives;
- (f) Relevant sector plans such as transportation, legislation and policy;
- (g) National Key Performance Indicators (NKPIs);
- (h) Accelerated and Shared Growth Initiative (ASGISA);
- (i) National 2014 Vision;
- (j) National Spatial Development Perspective (NSDP) and
- (k) The National Priority Outcomes.

2.2.1 National priorities

The President on his 2012 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating to these national priorities within the premise that the creation of decent work is at the centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.

In His address, the President has further declared 2012 as a year of job creation. The municipalities should align their programmes with the job creation imperative.

To achieve this national priority, municipalities are urged to when drafting 2012/2013 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programmes to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

2.2.2 IDP strategic objectives

The municipality's development priority and objectives

IDP Development priority	IDP Development objective
Institutional development and transformation	<ul style="list-style-type: none"> To build strong sustainable governance and institutional structures and arrangements To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
Infrastructure and sustainable services	<ul style="list-style-type: none"> To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development
Rural Development	<ul style="list-style-type: none"> To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development To formulate a broad over-arching human capital and community development
Economic development	<ul style="list-style-type: none"> To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management
Financial management and viability	<ul style="list-style-type: none"> To ensure legally sound financial viability and management

Human capital and community development	<ul style="list-style-type: none"> To formulate a broad over-arching human capital and community development
2010 Legacy and Flagship projects concept	<ul style="list-style-type: none"> To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development To formulate a broad over-arching human capital and community development To build strong sustainable governance and institutional structures and arrangements To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

Alignment of MLM IDP priorities with National, Provincial and District Priorities

MILLENNIUM DEVELOPMENT GOALS	IDP PRIORITIES- MUNICIPAL RESPONSE
Develop a Global Partnership for Development	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Human capital and community development
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Economic development ➤ Rural development

Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects ➤ Economic development
Ensure environmental sustainability	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
Promote gender equality and empower women	<ul style="list-style-type: none"> ➤ Human capital and social development ➤ 2010 legacy and flagship projects
NATIONAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Corruption	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
Education	<ul style="list-style-type: none"> ➤ Human capital and community development
Health	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects
The fight against crime	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Rural development
Creation of decent work & sustainable livelihoods	<ul style="list-style-type: none"> ➤ Economic development ➤ Infrastructure & sustainable services ➤ 2010 legacy and flagship projects ➤ Rural development
Rural development, food security & land reform	<ul style="list-style-type: none"> ➤ Economic development ➤ Infrastructure & sustainable services ➤ Human capital and community development ➤ Rural development
PROVINCIAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Agriculture	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ Economic development ➤ Rural development
Skills	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ Institutional development & transformation ➤ Infrastructure & sustainable services

Economic growth & job creation	<ul style="list-style-type: none"> ➤ Economic development ➤ 2010 legacy and flagship projects ➤ Rural development
Strategic infrastructure	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Infrastructure & sustainable services
Tourism, Environment & Cultural Heritage	<ul style="list-style-type: none"> ➤ Human capital & community development ➤ Flagship projects
Social cohesion	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects
DISTRICT PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Basic service and infrastructure development	<ul style="list-style-type: none"> ➤ Infrastructure & sustainable services
Local economic development	<ul style="list-style-type: none"> ➤ Economic development ➤ 2010 legacy and flagship projects
Institutional transformation and development	<ul style="list-style-type: none"> ➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Financial viability and management	<ul style="list-style-type: none"> ➤ 2010 legacy and flagship projects ➤ Financial management and viability
Public participation and good governance	<ul style="list-style-type: none"> ➤ Institutional development and transformation ➤ 2010 legacy and flagship projects
Traditional leaders	<ul style="list-style-type: none"> ➤ Human capital and community development ➤ 2010 legacy and flagship projects

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of

public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- To formulate a Broad Over-arching Human Capital and Community Development
- To build strong sustainable governance and institutional structures and arrangements
- To ensure legally sound financial viability and management
- To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

- There was one standardized template used to collect information, where the communities identified their priorities, detailed problem statement and the specific section / village;
- During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
- Diverse developmental needs in areas within each ward were noted during the Analysis phase
- Poor attendance in some wards during the consultation meetings has negative effects;
- Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
- Communities should be provided with maps of their areas during consultation process to assist the municipality in mapping social needs;
- Government departments and parastatals are not attending IDP meetings even though they are invited;
- Upon the approval of the IDP and Budget, each ward should receive information of all projects/ programmes across the three spheres of government and other stakeholders that will be implemented in their respective wards;
- There is a need for an organized consultation process with sector departments from both the municipality and district perspective.

The 2012/13 – 2014/2015 annual budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	2 284	2 515	5 384	11 173	7 841	7 841	8 468	9 518	10 519
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	624 136	867 939	623 368	865 038	929 339	929 339	1 003 687	1 128 144	1 186 807
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	484 849	457 027	113 572	166 150	40 267	40 267	43 489	48 881	51 423
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	11 269	51 732	5 151	5 452	3 836	3 836	4 143	4 657	4 899
To ensure legally sound Financial viability and Management	Financial management & viability	232 437	237 039	486 375	559 475	618 448	618 448	699 503	785 872	832 369
Total Revenue (excluding capital transfers and contributions)		1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 759 289	1 977 071	2 086 017

Table SA5 - Reconciliation between the IDP strategic objectives and budgeted expenditure

Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development		23 653	41 315	55 389	52 586	16 737	16 737	18 009	19 738	21 159
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services		420 185	568 950	843 953	837 651	946 747	946 747	1 018 700	1 116 495	1 196 883
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development		219 886	253 193	270 778	367 921	320 754	320 754	345 131	378 263	405 498
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation		317 383	293 580	24 744	130 970	73 095	73 095	78 650	86 201	92 407
To ensure legally sound Financial viability and Management	Financial management & viability		126 122	143 915	238 983	198 671	195 274	195 274	242 764	254 407	268 315
Allocations to other priorities											
Total Expenditure			1 107 228	1 300 953	1 433 847	1 587 799	1 552 607	1 552 607	1 703 255	1 855 104	1 984 263

Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	13 058	19 884	16 316	29 250	23 116	23 116	15 300	25 725	26 486
To strengthen the Delivery of Basic Services and ensure sustained Integrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	685 540	788 083	248 093	534 580	453 156	453 156	445 001	456 521	458 067
To provide sustainable social amenities to communities	community development	10 786	43 286	22 092	46 600	41 200	41 200	53 007	45 840	50 885
To build strong sustainable governance and institutional structures and arrangements	Good Governance & public participation	868	1 786	13 500	19 130	14 037	14 037	11 310	12 800	9 600
To ensure legally sound Financial viability and Management	Financial Management	231	341	1 245	7 550	4 087	4 087	10 950	8 800	6 500
To Maintain and Sustain the 2010 legacy projects	2010 legacy projects							6 000	3 500	7 000
Allocations to other priorities										
Total Capital Expenditure		710 483	853 380	301 246	637 110	535 596	535 596	541 568	553 185	558 538

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

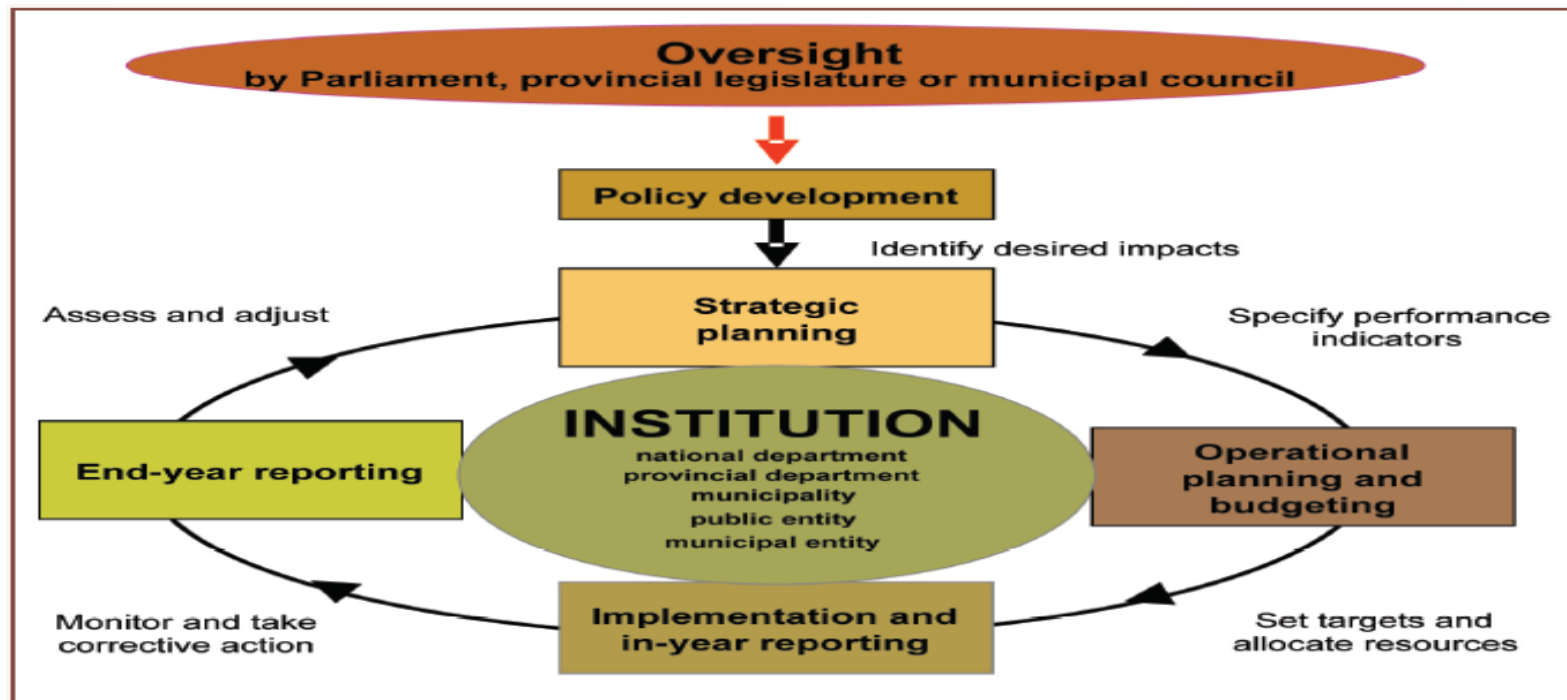


Figure 1 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- (a) Planning (setting goals, objectives, targets and benchmarks);
- (b) Monitoring (regular monitoring and checking on the progress against plan);
- (c) Measurement (indicators of success);
- (d) Review (identifying areas requiring change and improvement);
- (e) Reporting (what information, to whom, from whom, how often and for what purpose); and
- (f) Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury.

The following table sets out the municipality's main performance objectives and benchmarks for the 2011/12 MTREF.

Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.0%	2.1%	-7.1%	4.0%	5.5%	5.5%	5.5%	3.5%	8.1%	9.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.9%	2.3%	-11.0%	4.8%	6.6%	6.6%	6.6%	4.1%	9.2%	10.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.7%	0.1%	-0.1%	17.7%	21.3%	21.3%	21.3%	102.6%	79.6%	53.6%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.2	1.6	2.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.2	1.6	2.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.0	0.0	0.3	0.1	0.1	0.1	0.7	1.2	1.7
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.4%	13.0%	102.0%	83.9%	85.5%	85.5%	85.5%	85.5%	85.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	85.5%	85.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.0%	14.3%	9.6%	6.0%	5.1%	5.1%	5.1%	3.9%	3.0%	2.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			82.0%							
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%	100.0%
Creditors to Cash and Investments		31.5%	-583.1%	2013.0%	154.8%	282.9%	282.9%	282.9%	102.0%	60.5%	40.9%

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.9%	18.4%	29.9%	24.0%	24.2%	24.2%	24.2%	24.5%	24.8%	25.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	18.5%	20.0%	31.3%	25.2%	25.3%	25.3%		25.7%	25.8%	26.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.3%	8.1%	10.6%	8.4%	9.0%	9.0%		8.7%	8.5%	9.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.7%	13.3%	25.9%	24.5%	20.2%	20.2%	20.2%	18.8%	16.8%	16.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.9	(11.0)	42.6	27.0	27.0	27.0	78.2	13.3	13.7	14.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	14.7%	39.1%	16.8%	11.0%	9.6%	9.6%	9.6%	7.2%	5.5%	4.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.4	2.0	2.7

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

Calculation data

Debtors > 90 days

Monthly fixed operational expenditure	58,421	74,511	93,597	89,893	89,261	89,261	89,261	97,640	101,404	109,949
Fixed operational expenditure % assumption	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Own capex	119,268	253,224	172,570	283,194	205,034	205,034	205,034	215,787	205,881	362,161
Borrowing	884	272	(156)	50,000	43,690	43,690	43,690	221,500	163,953	193,961

2.3.1 Financial performance indicators and benchmarks

(a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mbombela Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. It can be noted that the borrowing asset ratio of Mbombela local municipality is increasing for the medium term.

Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 3.5 per cent in 2012/13 to 4.5 per cent in 2013/14. This increase can be attributed to the raising of loans to fund portions of the capital programme in the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

(b) Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

(c) Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 1.0 in the 2013/14 financial year and 1.0 and 1.6 for 2014/15. Going forward it will be necessary to maintain these levels or even more.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.6 and as part of the financial planning strategy it has been increased to 0.7 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

(d) Revenue Management

As part of the financial sustainability strategy, the municipality has revised its revenue enhancement strategy and theme of the strategy is, “let us make revenue management everyone’s business in the municipality” we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

(e) Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100% compliance rate to this legislative obligation. This has had a favourable impact on suppliers’ perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality’s business.

(f) Other Indicators

Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year 11,500 registered indigents have been provided for in the budget with this figured increasing to 13,000 by 2013/14. In terms of the Municipality’s indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2012/13 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- (a) The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- (b) Shortage of skilled personnel makes proper operations and maintenance difficult;
- (c) Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- (d) There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- (a) Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- (b) The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- (c) The Electricity Division is to install dedicated power supply lines to the plants; and
- (d) The Division is working in consultation with the Department of Water Affairs to address catchment management.
- (e) Updating the infrastructure plan of the municipality.

2.4 OVERVIEW OF BUDGET RELATED-POLICIES

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions must be tabled to Council for approval. The Budget and Treasury office organised a full day workshop where all the policies were discussed. The purpose of this workshop was to table all these policies for deliberations by the whole management of Budget and Treasury office which included junior, middle and senior management.

Mbombela Local Municipality has reviewed and approved the following Budget Related policies for the financial year 2012/2013:

2.4.1 Virement policy

This is a policy that is designed to manage the shifting of funds within and between votes during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegations.

The Municipal Budget and Reporting Regulations (No 3241) and Circular 51 issued by the National Treasury serve as guidelines in implementation of this policy.

The policy was discussed at the workshop held on the 12 March 2012 and it was resolved that the following additions/amendments be made to the policy

- No virements should be allowed on non-cash items (e.g. depreciation).
- The delegations should be in line with the new organizational structure.
- No virement can be approved on the salary related votes except through Council approval.
- Virements on cash items must be within the same category.
- Principle (c) must be qualified with conditions, where by the legislations apply e.g. Unforeseen and unavoidable expenditure MFMA section 29 (2) – (3).

2.4.2 Budget policy

The budget policy deals mainly with all matters regarding budget matters. It gives a direction on how all the processes should be followed. The legislative and compliance requirements in terms of time lines are also indicated in this policy.

It was also discussed at the workshop and it was resolved that:

- (a) The alignment with GRAP requirements be incorporated into the policy.

- (b) The financial norms and standards.
- (c) Funding and reserves be incorporated into the budget policy.

2.4.3 Credit control and debt collection policy

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) must be clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

There following is the proposed amendments which need to be incorporated into the policy which include amongst others:

- (a) Page 10, Section 4.3.2 to outline a clear guidance on acceptable security deposit payments in the municipality
- (b) Page 11, acceptance of cheques be limited to not more than two dishonoured payment cheques for one client
- (c) The section on budget and IDP be deleted as it is not appropriate in the policy.
- (d) In the system UNIX, there should be two separate accounts for owners and tenants where owners are renting out properties to avoid inconveniencing tenants because of a reluctant owner.
- (e) Page 14, delete 4.11.2. Policy must refer to Rates by-laws.

2.4.4 Economic investment and promotion policy

This policy is a newly developed policy from the Local Economic Development unit. Its major objective is to provide a framework for the uniform development of incentives in Mbombela Local Municipality that will assist to

- (a) attract investment.
- (b) return existing investment.
- (c) stimulate and create job opportunities.
- (d) support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the municipality. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the Mbombela Local Municipality Property Rates By Law in terms of section 9.4.1(b).

2.4.5 Investment policy

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005.

All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources.

After deliberations during the workshop it was resolved that the following amendments or additions be incorporated into the policy:

- (a) Asset financing fund be changed to be called distributable accumulative reserve.
- (b) GAMAP be replaced with GRAP.
- (c) The policy must also indicate the risk spread factor rather than investing everything in one.
- (d) Clear segregation of duties amongst all role players be indicated.
- (e) Investment committee be informed timeously of any investment decision made or to be made where possible.
- (f) Approval be granted by the Manager responsible for investment decisions to be made by Investment Officer.

2.4.6 Funding and reserves policy

The provisions of the funding and reserves policy will be incorporated into the budget policy.

2.4.7 Indigent policy

The department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for Mbombela Local Municipality.

EPWP initiatives must form part of this indigent policy in job creation for the indigents. The linkage of the Supply Chain Management policy to the Indigent policy must be seriously considered as well as LED policy.

2.4.8 Payroll discrepancy policy

The non-existence of a policy to deal with payroll issues was raised as a concern by the Auditor General. A policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 s34 (5)(a) which states that :

The policy has been developed and its main objectives are:

- (a) To establish policy and procedures for identifying, correcting and recovering salary overpayments and correcting underpayments
- (b) To ensure consistent application of actions taken when implementing the policy
- (c) Establish control measures to mitigate the risk of overpayments and early detection should such occur whether due to human error, technological failure or fraudulent activities.

2.4.9 Supply chain management policy

Chapter 11 of the Municipal Finance Management Act No 50 of 2003 deals with Goods and Services. In terms of s111, each municipality must have and implement a Supply Chain Management policy which gives effect to provisions of this part of the Act.

In August 2005, National Treasury issued Circular 22, Supply Chain Management Model policy. This model policy has been developed to be fully compliant with MFMA. In terms of the circular the model must be adopted as the policy of the municipality and guidelines for adoption the following were proposed:

- (a) The charging of businesses run on residential area was identified as a challenge.
- (b) The prices for tender documents be regulated and be included in the policy as a regulation further form part of the tariff book. After deliberations it was agreed that CIDB price ranges be used as a benchmark for pricing these tenders.
- (c) The awarding of tenders to service providers in arrears with the municipality was discussed.
- (d) The policy must give guidance on how to deal with incubation programme.
- (e) The functionality procedures must be regulated and incorporated in the policy to avoid favouritism

2.4.10 Supplier performance monitoring policy

No changes are proposed on this policy.

2.4.11 Contract management policy

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of s 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy.

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

2.4.12 Property rates policy & by law

The Municipal Property Rates Act no 6 of 2004 provides a framework to which municipalities must comply when imposing rates on properties. S 62 of the MFMA requires that the accounting officer must ensure that the municipality has and implements a rates policy embodied in a bylaw as per s 6 of the MPRA.

In the implementation of the above a property rates by law was gazetted on 21 July 2010 as provincial gazette no 1841. As required by law annually the policy needs to be reviewed, the following changes are proposed:

- (a) A committee be established to review applications in order to identify properties that deserve relief measures. This committee will be given terms of reference.
- (b) Rating ratios regarding the **properties categorised as other** should be changed through a phase reduction to avoid financial implication.
- (c) The rates policy must be aligned to the Municipal Property Rates Act.
- (d) On the issue on the categorising of Share block, the meeting suggested that a benchmarking be done with municipality of the same capacity who have share blocks.

2.4.13 Tariff policy & by law

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of s 75 are part of the budget related policies that must be reviewed annually. A tariff policy consistent with the provisions of the Act has been developed the following amendments changes are proposed;

- (a) the tariff for bid documents be included in the policy
- (b) value added tax matters (inclusive or exclusive) be clearly indicated on the policy;
- (c) Council sponsored events taking place in Council premises/properties be categorised as commercial or non-commercial;
- (d) events mentioned above be charged different tariffs to cover costs accordingly; and

- (e) percentage or determination thereof of takings which Council will charge be mentioned in the policy.

2.4.14 Asset management policy

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted.

The municipality has recently completed an exercise where the asset base of the municipality was properly quantified and a GRAP compliant asset register completed. An asset management policy is therefore critical as it will ensure that all relevant stakeholders and role players understand their roles and responsibilities.

2.4.15 Insurance policy

The main objective of the insurance policy is to:

- (a) Create awareness to all employees of the risks associated with all insurable interests
- (b) Ensure reasonable steps are taken to mitigate and minimise all risks
- (c) Identify all potential risks and enforce risk control measures
- (d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets

The policy must be read in conjunction with the Asset Management policy.

All the policies discussed above have been adopted by Council on 29 March 2012 as per council resolution A(3) and the following policies will be gazetted into by laws for effective enforcement once the public participation and consultative process has been undertaken;

- (a) Credit Control and Debt Collection Policy
- (b) Indigent Policy
- (c) Property Rates policy
- (d) Tariff policy & buy- laws

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

2.5.1 External factors

Unemployment increased from 21.8 per cent in the fourth quarter of 2008 to 25.7 per cent in the second quarter of 2011. Consequently, municipal revenues and cash flows are expected to remain under pressure in 2012/13 and so the municipality must adopt a conservative approach when projecting their expected revenues and cash receipts.

Fiscal year	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate
Headline CPI	3.3%	5.7%	5.9%	5.3%	4.9%

The actual CPI for Mpumalanga Province was 6.7% at 31 December 2011 and it remained unchanged in January 2012.

The South African Reserve Bank inflation forecast and outlook for domestic economic growth from Statement of the Monetary Policy Committee issued on 19 January 2012.

2.5.2 Credit rating outlook

Credit rating outlook

Security class	Currency	Rating	Annual rating 2010/11	Previous Rating
Short term	Rand	Prime -1	5 July 2011	Prime -1
Long-term	Rand	A2.za	5 July 2011	A2.za
Outlook	Rand	Stable	5 July 2011	Stable

The rating definitions are:

- (a) Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- (b) Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2011/12 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The payment level trend for the past three years, including current financial year until to date is as follows;

Description	Actual 2008/09	Actual 2009/10	Actual 2010/11	Estimate 2011/12	Forecast 2012/13	Forecast 2013/14	Forecast 2014/15
Payment Levels	92%	85%	97%	90%	92%	92%	94%

The collection average rate of 92% on current accounts will be maintained over the medium-term. The provision for doubtful debts has been projected at 8% over the medium-term.

2.5.5 Growth or decline in tax base of the municipality

The summary of outstanding debts for the past three years, including current financial year until to date is as follows;

Description	2008/2009 Actual	2009/10 Actual	2010/11 Actual	2011/12 Estimate	2012/13 Forecast
Outstanding Debts	R 303 467 611	R331 151 658	R385 743 093	364,965,647	R345 607 354
Growth	22%	9%	16%	-5%	-5%

The municipality has revised a revenue enhancement strategy to respond to the challenges encountered by the municipality in revenue generation and collection. The strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The revised strategy has been approved by the municipal council on 25 October 2011 and it is believed that through the making revenue management everyone's business in the municipality, the fundamental objectives of the strategy will be achieved.

The set target for collection of revenue over the medium-term on current account for rates and services charge is as outlined on the table above and the collection on outstanding debt is an average of 14% per annum or 1.15% per month.

2.5.6 Salary increases

The employees' remuneration cost will be R431 million in 2012/2013 financial year due to an increase of R45 million (12%) and the expenditure to the total operating revenue budget, excluding conditional grants is 29%. The employees remuneration cost will increase to R533 million in 2014/2015 financial year and the expenditure to the total operating budget will be 27%. Included in the employees remuneration cost budget is amount of R66 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- (a) Creating jobs;
- (b) Enhancing education and skill development;
- (c) Improving Health services;
- (d) Rural development and agriculture; and
- (e) Fighting crime and corruption.

To achieve this national priority, municipalities are urged to when drafting 2011/2012 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- Ensuring that service providers use labour intensive approaches.
- Supporting labour intensive Local Economic Development projects.
- Participating fully in the Expanded Public Works Programmes/National youth service plan.
- Implementing interns programmes to provide young people with on-the-job training.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2011/12 MTREF of which cashflow performance has been projected into the cash flow budget.

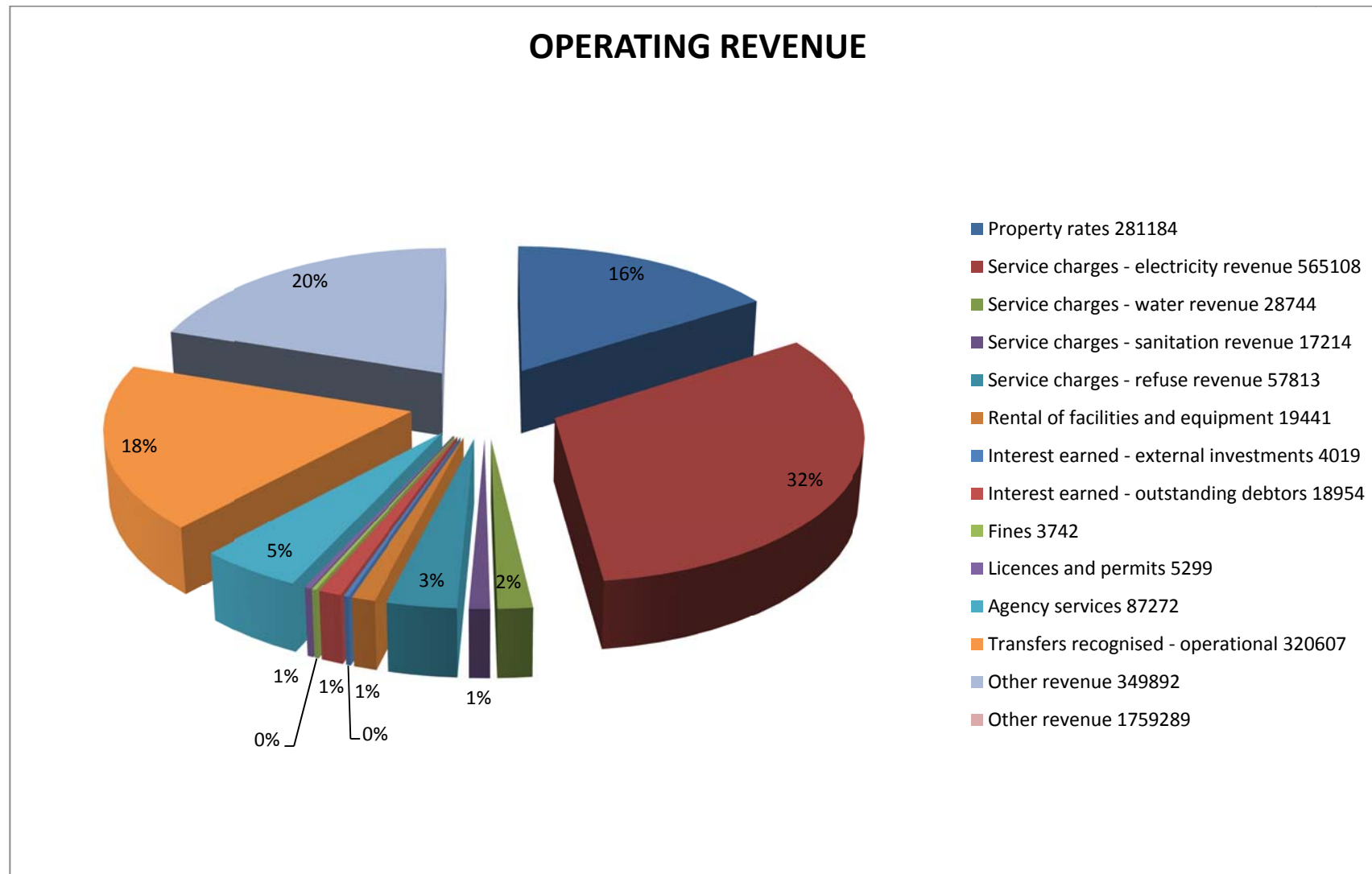
2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description	2011/2012 Adjusted Budget	2012/2013 Estimate	2013/2014 Forecast	2014/2015 Forecast	MTREF Growth %
Property Rates	343,941,586	389,875,258	429,691,338	478,093,841	39%
Service Charges - Electricity revenue	491,034,224	565,107,518	643,173,001	743,855,326	51%
Service Charges - Water revenue	25,677,281	28,744,432	32,075,337	36,104,911	41%
Service Charges - Sanitation revenue	15,376,863	17,213,629	19,208,345	21,604,778	41%
Service Charges - Refuse Removal revenue	51,409,726	57,812,807	65,183,940	74,524,799	45%
Rental of facilities and equipments	14,047,396	19,440,500	21,560,020	22,913,395	63%
Interest earned - External investments	4,019,260	4,019,260	4,019,260	4,019,260	0%
Interest earned - Outstanding debtors	15,520,679	18,954,117	21,194,820	23,704,408	53%
Fines	2,161,713	3,742,106	4,116,260	4,488,232	108%
Licences and Permits	6,298,542	5,298,542	6,093,021	7,006,642	11%
Agency Fees	71,687,560	87,271,812	95,998,993	105,598,892	47%
Transfers recognised - unconditional	298,996,936	320,607,000	351,912,000	387,174,000	29%
Transfers recognised - conditional	324,262,100	304,193,215	352,203,516	254,528,088	-22%
Other income	32,484,953	45,699,646	49,869,532	54,457,579	68%
Gains from disposal of PPE	9,555	-	-	-	-100%
Income foregone	-97,196,882	-108,690,413	-119,227,949	-132,056,876	36%
Total Revenue	1,599,731,492	1,759,289,430	1,977,071,434	2,086,017,275	

The following graph is a breakdown of the operational revenue per main category for the 2011/12 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

The revenue strategy is a function of key components such as:

- (a) Growth in the city and economic development;
- (b) Revenue management and enhancement;
- (c) Achievement of a 90% annual collection rate on revenue from rates and services charge;
- (d) National Treasury guidelines;
- (e) Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- (f) Achievement of full cost recovery of specific user charges;
- (g) Determining tariff escalation rate by establishing/calculating revenue requirements;
- (h) The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- (i) And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Electricity	30%	31.27%	19%	20.38%	12%	11%	11%
Water	8%	8%	7%	8%	9.75%	9.4%	9.2%
Sewer	8%	8%	6%	8%	9.75%	9.4%	9.2%
Refuse Removal	8%	9%	8%	10%	10.25%	10%	11.0%
Property Rates	8%	0%	3%	5%	6.5%	6.7%	6.5%
Other tariffs	8%	10%	6%	10%	11%	11%	11%
Silulumanzi – Water and Sewerage	10%	10.99%	14.42%	9.74%	10.42%	CPI+3%	CPI+3%

Table 1 Sources of capital revenue over the MTREF

Source of Funding	Funding Description	Project implementation Timelines	2012/2013	2013/2014	2014/2015
Dora grants allocations:	Municipal Infrastructure Grant (MIG)	First Quarter	164,966,667	87,010,088	92,040,789
	MIG - operating projects - capacity complement		-8,248,333	-4,350,504	-4,602,039
	Sub-total Mig allocation		156,718,333	82,659,583	87,438,750
	Integrated National Electrification Programme		-	1,096,491	644,210
	Public Transport Infrastructure and Systems Grant	First Quarter	86,581,579	99,791,228	
	Neighbourhood Development Programme Grant			4,385,965	3,871,930
	Sub-total grants allocation		86,581,579	105,273,684	4,516,140
Pledging or frontloading:	Municipal Infrastructure Grant Frontloading - 50% - 2013/14	Second Quarter	87,010,088	-	
	Municipal Infrastructure Grant Frontloading - 50% - 2014/15		-	92,040,789	
	Municipal Infrastructure Grant Frontloading - 30% - 2015/16			58,537,942	
	Municipal Infrastructure Grant Frontloading - 20% - 2015/16				39,025,295
	Municipal Infrastructure Grant Frontloading - 20% - 2016/17				41,366,812
	Financing Costs - MIG Frontloading		-7,682,991	-13,296,102	-7,098,623
	Sub-total MIG pledging or frontloading		79,327,097	137,282,630	73,293,484
	Integrated National Electrification Programme Frontloading - 75% - 2013/14	Second Quarter	3,289,474		
	Integrated National Electrification Programme Frontloading - 40% - 2014/15	Second Quarter	1,548,772	2,631,579	
	Financing Costs - INEP Frontloading		-387,060	-210,526	
	Sub-total INEP pledging or frontloading		4,451,186	2,421,053	-
Dora grants in-kind allocations:	Regional Bulk Infrastructure Grant	First Quarter	2,631,579	8,771,930	21,929,825
	Sub-total grants in-kind		2,631,579	8,771,930	21,929,825
Borrowings:	Borrowings - Balance Sheet	Third Quarter	100,000,000	-	120,000,000
	Rural tip loan - Concessionary Loan	Third Quarter	37,000,000	23,000,000	
	Sub-total borrowings		137,000,000	23,000,000	120,000,000
Internal reserves	Capital Replacement Reserve	First Quarter	70,573,382	184,721,035	241,615,333
	Semcorp Service Contributions	First Quarter	4,500,000	5,400,000	6,480,000
	Sub-total internal reserves		75,073,382	190,121,035	248,095,333
Total Funding	Grand-Total		541,783,157	549,529,914	555,273,532

The allocation of the capital funding on projects was based on the national, provincial and municipal priorities informed by the public participation and consultative process conducted during the review of the Integrated Development Plan (IDP).

The municipality will be spending in the next three years R1 654 billion (74% of the total capital expenditure budget) on services infrastructure development to address backlogs in terms of;

- bulk water and water reticulation networks, spend R447 million over the medium-term;
- electrification of households, upgrade of existing electricity reticulation networks, spend R203 million over the medium-term;
- upgrading of roads and stormwater systems, spend R302 million over the medium-term; and
- provision of sanitation and upgrade of existing wastewater and sewerage networks, spend R260 million over the medium-term.

The municipality has been granted a public transport authority status by the National Department of Transport and therefore amount of R186 million will be spent in the next two years on institutional arrangements and infrastructure in relation to public transport system.

An amount of R56 million will be spent over the medium-term on development of townships in three areas namely; Magiesdal, Tekwane-South and White River for integrated human settlement.

The R6 million allocated under 2010 legacy function is for the capital expenditure linked to the possible hosting of the 2013 African Cup of Nations. The full cost of hosting of the tournament will be determined once roles and responsibilities have been finalized.

An amount of R614 million will be frontloaded from the Municipal Infrastructure Grant to fund some of the capital projects outlined in the detailed capital budget.

Cash and cash equivalents / Cash backed reserves and accumulated funds

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	132 301	206 481	293 335
Cash + investments at the yr end less applications - R'000	18(1)b	59 674	(479 449)	(317 163)	(112 333)	(154 238)	(154 238)	(154 238)	41 709	116 612	204 257
Cash year end/monthly employee/supplier payments	18(1)b	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.4	2.0	2.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	56 035	121 967	101 754
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	24.2%	8.7%	20.5%	(9.3%)	(6.0%)	(6.0%)	9.0%	6.6%	8.2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	85.5%	85.0%	92.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	22.5%	8.7%	1.3%	7.8%	10.0%	10.0%	10.0%	7.8%	7.8%	5.9%
Capital payments % of capital expenditure	18(1)c:19	161.0%	(18.3%)	99.4%	77.8%	95.0%	95.0%	95.0%	95.2%	96.6%	97.6%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.7%	0.1%	(0.1%)	17.3%	20.7%	20.7%	20.7%	45.4%	0.0%	32.6%
Grants % of Govt. legislated/gazetted allocations	18(1)a								52.8%	52.2%	63.8%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	246.3%	(49.1%)	(17.7%)	(16.4%)	0.0%	0.0%	(14.0%)	(14.0%)	(14.1%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	8.7%	(54.7%)	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.8%	2.5%	2.5%	2.5%	2.6%	2.6%	2.8%	2.7%	2.9%	3.1%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	61.6%	66.6%	65.5%	65.5%	0.0%	46.9%	49.4%	57.7%

2.6.2 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

2.6.3 Funding Compliance measures

The cash and cash equivalents as reflected in the funding compliance table below indicated that the municipality has positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R 132 million, R 206 million and R 293 million for each year respectively.

2.6.4 Cash and cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R132 million, R206 million and R293 million for each respective financial year.

2.6.5 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.6 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.7 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R56 million, R122 million and R101 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.8 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.9 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 84.2%, 83.9% and 89.2% for each of the respective financial years. Given that the assumed collection rate is based on a 92% performance target, the cash flow statement has been conservatively determined.

2.6.10 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 7.8%, 7.8% and 5.9% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.11 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.12 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 45.1%, 0.0% and 25% of own funded capital. .

2.6.13 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.14 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality policy of settling debtors' accounts within 30 days.

2.6.15 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because of a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.16 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

BUDGET SUPPORTING TABLE FOR 2012/2013 – 2014/2015 MTREF

SUPPORTING TABLE SA1

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
REVENUE ITEMS:										
<u>Property rates</u>										
Total Property Rates	155 406	187 192	197 865	329 642	343 942	343 942	343 942	389 875	429 691	478 094
<i>less Revenue Foregone</i>				90 197	97 197	97 197	97 197	108 690	119 228	132 057
Net Property Rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
<u>Service charges - electricity revenue</u>										
Total Service charges - electricity revenue	227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	743 855
Net Service charges - electricity revenue	227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	743 855
<u>Service charges - water revenue</u>										
Total Service charges - water revenue	18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 744	32 075	36 105
Net Service charges - water revenue	18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 744	32 075	36 105
<u>Service charges - sanitation revenue</u>										
Total Service charges - sanitation revenue	12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 214	19 208	21 605
Net Service charges - sanitation revenue	12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 214	19 208	21 605
<u>Service charges - refuse revenue</u>										
Total refuse removal revenue	38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
Net Service charges - refuse revenue	38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
<u>Other Revenue by source</u>										
<i>Fuel Levy</i>	6									
Other Revenue	34 195	36 326	42 713	31 818	27 099	27 099	27 099	45 599	49 694	54 364
<i>capital conditional grant allocation</i>	591 566	528 045	122 033	286 856	324 262	324 262	324 262	248 523	283 093	205 065
MIG operating grant								8 248	8 701	9 204
Vat Income from conditional grants								47 523	60 585	40 352
Total 'Other' Revenue	625 767	564 371	164 746	318 674	351 361	351 361	351 361	349 893	402 073	308 986

EXPENDITURE ITEMS:										
<u>Employee related costs</u>										
Basic Salaries and Wages	242 642	297 223	368 952	302 350	311 650	311 650	311 650	349 462	402 383	436 450
Pension and UIF Contributions				83 624	74 769	74 769	74 769	81 937	87 345	93 022
<i>sub-total</i>	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
<u>Less: Employees costs capitalised to PPE</u>										
Total Employee related costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
<u>Contributions recognised - capital</u>										
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
<u>Depreciation & asset impairment</u>										
Depreciation of Property, Plant & Equipment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Total Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
<u>Bulk purchases</u>										
Electricity Bulk Purchases	166 807	205 774	266 499	316 969	331 891	331 891	331 891	377 176	430 894	485 195
Water Bulk Purchases	4 792	5 738	6 500	6 552	3 552	3 552	3 552	3 552	4 049	4 616
Total bulk purchases	171 599	211 512	272 998	323 521	335 443	335 443	335 443	380 728	434 943	489 811
<u>Transfers and grants</u>										
Total transfers and grants	-	-	-	-	-	-	-	-	-	-
<u>Contracted services</u>										
<i>List services provided by contract</i>	95 202	174 467	172 951	172 306	158 751	158 751	158 751	86 819	91 681	96 265
<i>sub-total</i>	95 202	174 467	172 951	172 306	158 751	158 751	158 751	86 819	91 681	96 265
<u>Allocations to organs of state:</u>										
Total contracted services	95 202	174 467	172 951	172 306	158 751	158 751	158 751	86 819	91 681	96 265
<u>Other Expenditure By Type</u>										
Collection costs	248	530	1 525	-	-	-	-	-	-	-
Consultant fees	-	-	-	7 953	5 301	5 301	5 301	-	-	-
Audit fees	-			4 232	4 355	4 355	4 355	4 815	5 084	5 359
General expenses	97 834	213 511	151 212	114 814	140 173	140 173	140 173	142 775	153 323	159 901
<i>Total Repairs & Maintenance</i>	89 555	121 329	120 396		15 809	15 809	15 809	-	-	-
<i>Special Operational projects Projects</i>	-	-	-	63 820	49 273	49 273	49 273	85 376	82 916	85 783
<i>Maintenance: Contractors</i>								81 314	91 071	96 536
<i>Other repairs and maintenance</i>								11 744	12 918	13 693
<i>Security Services</i>								12 398	13 093	13 800

<i>Solid Waste Services</i>								19 660	21 429	22 501
Total 'Other' Expenditure	187 637	335 370	273 132	190 819	214 911	214 911	214 911	358 082	379 835	397 572
Repairs and Maintenance by Expenditure Item										
Other materials	8 773	10 715		–						
Contracted Services										
Other Expenditure	90 259	120 376	131 180	135 634	134 856	134 856		153 645	168 961	190 715
Total Repairs and Maintenance Expenditure	99 032	131 091	131 180	135 634	134 856	134 856	–	153 645	168 961	190 715

SUPPORTING TABLE SA 2 REVENUE BY SOURCE & EXPENDITURE TYPE & DEPT

Description	Vote 1 - OFFICE OF THE EXECUTIV E MAYOR	Vote 2 - OFFICE OF COUNCIL	Vote 3 - OFFICE OF THE CHIEF WHIP	Vote 4 - SECRE TARY TO COUNCIL	Vote 5 - OFFIC E OF THE MUNICI PAL MANA GER	Vote 6 - DEPUT Y MUNICI PAL MANAG ER	Vote 7 - PLANNIN G,PERFO RMANCE, M&E AND ICT	Vote 8 - TRANSV ERSAL SERVIC ES	Vote 9 - CORPORAT E SERVICES	Vote 10 - FINANCIAL SERVICES	Vote 11 - TECHNICA L SERVICES	Vote 12 - COMMUNIT Y SERVICES	Vote 13 - LED, HUMAN SETTLEME NT, URBAN & RURAL DEVELOP MENT	Total
R thousand														
Revenue By Source														
Property rates	-	-	-	-	-	-	-	-	-	281 185	-	-	-	281 185
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	565 108	-	-	565 108
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	28 875	-	-	28 875
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	17 135	-	-	17 135
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	57 813	-	-	57 813
Rental of facilities and equipment	-	-	-	-	-	-	-	-	33	-	2 504	16 354	4 020	22 910
Interest earned - external investments	-	-	-	-	-	-	-	-	-	4 301	-	-	-	4 301
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	18 339	-	-	-	18 339
Fines	-	-	-	-	-	-	-	-	-	-	-	3 742	-	3 742
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	7 830	-	7 830
Agency services	-	-	-	-	-	-	-	-	-	-	-	77 921	-	77 921
Other revenue	-	6	-	-	-	-	-	-	29	3 982	82 477	7 646	1 120	95 260
Transfers recognised - operational	-	-	-	-	-	-	-	-	-	320 607	-	-	-	320 607
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	9 491	-	-	249	9 741
Total Revenue (excluding capital transfers and contributions)	-	6	-	-	-	-	-	-	62	637 905	753 911	113 493	5 389	1 510 767
Expenditure By Type														
Employee related costs	2 938	4 201	260	5 360	3 693	3 357	12 802	2 032	25 547	47 062	145 364	138 416	40 369	431 400
Remuneration of councillors	-	19 583	528	-	-	-	-	-	-	-	-	-	-	20 111
Debt impairment	-	-	-	-	-	-	-	-	-	19 229	13 848	27 355	15 577	76 009
Depreciation & asset impairment	125	-	-	3	28	437	1	3	924	73	250 932	34 106	1 707	288 339
Finance charges	-	-	-	207	-	-	-	-	-	12 337	9 403	19 792	429	42 168
Bulk purchases	-	-	-	-	-	-	-	-	-	-	384 535	-	-	384 535
Other materials	68	132	0	16	3	6	22	3	148	87	22 710	9 626	45	32 876
Contracted services	97	71	-	-	-	-	6	-	12 082	5 466	86 122	59 165	26	163 080

				15	–	30								
Transfers and grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	2 222	8 636	127	784	212	189	3 916	2 372	26 767	33 986	87 033	73 683	21 810	264 737
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	5 451	32 622	915	6 384	6 936	4 018	16 747	4 420	65 469	118 239	999 947	362 143	79 964	1 703 255
Surplus/(Deficit)	(5 451)	(32 616)	(915)	(6 384)	(6 936)	(4 018)	(16 747)	(4 420)	(65 407)	519 666	(246 036)	(248 650)	(74 575)	(192 488)
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	248 523	–	–	–	248 523
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(5 451)	(32 616)	(915)	(6 384)	(6 936)	(4 018)	(16 747)	(4 420)	(65 407)	768 188	(246 036)	(248 650)	(74 575)	56 035

SUPPORTING TABLE SA 3

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Consumer debtors											
Consumer debtors		303 313 976	325 277 523	358 441	358 441	387 341	387 341	387 341	382 680	389 458	384 558
Less: Provision for debt impairment		(258 024)	(277 896)	(286 276)	(276 938)	(321 701)	(321 701)	(321 701)	(329 272)	(346 709)	(351 225)
Total Consumer debtors	2	45 290	47 382	72 165	81 503	65 640	65 640	65 640	53 408	42 749	33 333
Debt impairment provision											
Balance at the beginning of the year		177 483	258 024	277 896	286 276	286 276	286 276	286 276	321 701	329 272	346 709
Contributions to the provision		102 015	51 063	8 993	68 318	84 181	84 181	84 181	75 455	84 569	72 453
Bad debts written off		(21 474)	(31 191)	(612)	(77 657)	(48 757)	(48 757)	(48 757)	(67 884)	(67 132)	(67 937)
Balance at end of year		258 024	277 896	286 276	276 938	321 701	321 701	321 701	329 272	346 709	351 225
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		6 298 325	5 973 260	6 266 687	6 762 152	6 775 503	6 775 503	6 775 503	7 290 935	7 825 310	8 370 196
Less: Accumulated depreciation		715 221	795 158	1 075 967	1 428 451	1 361 451	1 361 451	1 361 451	1 649 791	1 940 436	2 233 408
Total Property, plant and equipment (PPE)	2	5 583 104	5 178 103	5 190 720	5 333 701	5 414 052	5 414 052	5 414 052	5 641 144	5 884 873	6 136 788
LIABILITIES											
Current liabilities - Borrowing											
Current portion of long-term liabilities		7 789	21 860 836	13 261	40 772	40 772	40 772	40 772	12 278	12 278	12 278
Total Current liabilities - Borrowing		7 789	21 861	13 261	40 772	40 772	40 772	40 772	12 278	12 278	12 278
Trade and other payables											
Trade and other creditors		178 611	327 572 806	317 518	133 000	120 000	120 000	120 000	135 000	125 000	120 000
Unspent conditional transfers		414 185	137 631 553	157 464	157 464	157 464	157 464	157 464	33 000	34 650	36 383
VAT		–	–	–	–	40 000	40 000	40 000	–	–	–
Total Trade and other payables	2	592 796	465 204	474 981	290 464	317 464	317 464	317 464	168 000	159 650	156 383
Non current liabilities - Borrowing											

Borrowing	4	67 757 235	35 189 176	175 572	179 425	179 425	179 425	179 425	323 345	301 226	273 452
Finance leases (including PPP asset element)		59 320	231 670	73	73	73	73	73	–	–	–
Total Non current liabilities - Borrowing		67 817	35 421	175 645	179 498	179 498	179 498	179 498	323 345	301 226	273 452
Provisions - non-current											
Retirement benefits		79 603	91 848	125 107	125 107	125 107	125 107	125 107	125 107	125 107	125 107
<i>List other major provision items</i>											
Refuse landfill site rehabilitation & long Services Awards		1 091	13 376	10 112	10 244	10 244	10 244	10 244	10 859	11 511	12 201
Other		3 317 000	8 067 209	18 951	5 544	–	–	–	–	–	–
Total Provisions - non-current		84 011	113 291	154 170	140 896	135 351	135 351	135 351	135 966	136 618	137 308
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		1 332 031	5 850 345	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700
GRAP adjustments			(3 927)								
Restated balance		1 332 031	5 846 418	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700
Surplus/(Deficit)		247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	56 035	121 967	101 754
Other adjustments		4 270 568	(1 014 074)		329 656	(46 867)	(47 125)	(47 125)	282 141	217 585	260 569
Accumulated Surplus/(Deficit)	1	5 850 345	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700	6 337 023
Reserves											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	5 850 345	5 147 644	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 635 148	5 974 700	6 337 023

SUPPORTING TABLE SA4 RECONCILIATION OF IDP BUDGET (REVENUE)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	2 284	2 515	5 384	11 173	7 841	7 841	8 468	9 518	10 519
To strengthen the Delivery of Basic Services and ensure sustained Integrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	624 136	867 939	623 368	865 038	929 339	929 339	1 003 687	1 128 144	1 186 807
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	484 849	457 027	113 572	166 150	40 267	40 267	43 489	48 881	51 423
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	11 269	51 732	5 151	5 452	3 836	3 836	4 143	4 657	4 899
To ensure legally sound Financial viability and Management	Financial management & viability	232 437	237 039	486 375	559 475	618 448	618 448	699 503	785 872	832 369
Total Revenue (excluding capital transfers and contribu		1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 759 289	1 977 071	2 086 017

SUPPORTING TABLE SA5 RECONCILIATION OF IDP STRATEGIC OBJECTIVES (OPERATING EXPENDITURE)

Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development		23 653	41 315	55 389	52 586	16 737	16 737	18 009	19 738	21 159
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services		420 185	568 950	843 953	837 651	946 747	946 747	1 018 700	1 116 495	1 196 883
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development		219 886	253 193	270 778	367 921	320 754	320 754	345 131	378 263	405 498
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation		317 383	293 580	24 744	130 970	73 095	73 095	78 650	86 201	92 407
To ensure legally sound Financial viability and Management	Financial management & viability		126 122	143 915	238 983	198 671	195 274	195 274	242 764	254 407	268 315
Allocations to other priorities											
Total Expenditure			1 107 228	1 300 953	1 433 847	1 587 799	1 552 607	1 552 607	1 703 255	1 855 104	1 984 263

SUPPORTING TABLE SA6 RECONCILIATION OF IDP STRATEGIC OBJECTIVES (CAPITAL)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	13 058	19 884	16 316	29 250	23 116	23 116	15 300	25 725	26 486
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	685 540	788 083	248 093	534 580	453 156	453 156	445 001	456 521	458 067
To provide sustainable social amenities to communities	community development	10 786	43 286	22 092	46 600	41 200	41 200	53 007	45 840	50 885
To build strong sustainable governance and institutional structures and arrangements	Good Governance & public participation	868	1 786	13 500	19 130	14 037	14 037	11 310	12 800	9 600
To ensure legally sound Financial viability and Management	Financial Management	231	341	1 245	7 550	4 087	4 087	10 950	8 800	6 500
To Maintain and Sustain the 2010 legacy projects	2010 legacy projects							6 000	3 500	7 000
Allocations to other priorities										
Total Capital Expenditure		710 483	853 380	301 246	637 110	535 596	535 596	541 568	553 185	558 538

SUPPORTING TABLE SA8 PERFORMACE INDICATORS AND BENCHMARK

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.0%	2.1%	-7.1%	4.0%	5.5%	5.5%	5.5%	3.5%	8.1%	9.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.9%	2.3%	-11.0%	4.8%	6.6%	6.6%	6.6%	4.1%	9.2%	10.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.7%	0.1%	-0.1%	17.7%	21.3%	21.3%	21.3%	102.6%	79.6%	53.6%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.2	1.6	2.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.2	1.6	2.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.0	0.0	0.3	0.1	0.1	0.1	0.7	1.2	1.7
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.4%	13.0%	102.0%	83.9%	85.5%	85.5%	85.5%	85.5%	85.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	85.5%	85.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.0%	14.3%	9.6%	6.0%	5.1%	5.1%	5.1%	3.9%	3.0%	2.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			82.0%							
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%	100.0%
Creditors to Cash and Investments		31.5%	-583.1%	2013.0%	154.8%	282.9%	282.9%	282.9%	102.0%	60.5%	40.9%

<u>Other Indicators</u>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.9%	18.4%	29.9%	24.0%	24.2%	24.2%	24.2%	24.5%	24.8%	25.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	18.5%	20.0%	31.3%	25.2%	25.3%	25.3%		25.7%	25.8%	26.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.3%	8.1%	10.6%	8.4%	9.0%	9.0%		8.7%	8.5%	9.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.7%	13.3%	25.9%	24.5%	20.2%	20.2%	20.2%	18.8%	16.8%	16.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.9	(11.0)	42.6	27.0	27.0	27.0	78.2	13.3	13.7	14.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	14.7%	39.1%	16.8%	11.0%	9.6%	9.6%	9.6%	7.2%	5.5%	4.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.4	2.0	2.7

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

Calculation data

Debtors > 90 days											
Monthly fixed operational expenditure	58,421	74,511	93,597	89,893	89,261	89,261	89,261	97,640	101,404	109,949	
Fixed operational expenditure % assumption	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Own capex	119,268	253,224	172,570	283,194	205,034	205,034	205,034	215,787	205,881	362,161	
Borrowing	884	272	(156)	50,000	43,690	43,690	43,690	221,500	163,953	193,961	

SUPPORTING TABLE SA9 SOCIAL ECONOMICS AND DEMOGRAPHICS. STATISTICS AND ASSUMPTIONS

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population				477	662	662	527	527	673	673	673	673
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34					268	268	268	268	268	268	268	268
Males aged 15 - 34					260	260	260	260	260	260	260	260
Unemployment					52	52	52	52	52	52	52	52
Monthly household income (no. of households)	1, 12											
No income					222,666	222,666	222,666	222,666	222,666	222,666	222,666	222,666
R1 - R1 600					215,879	215,879	215,879	215,879	215,879	215,879	215,879	215,879
R1 601 - R3 200					24,311	24,311	24,311	24,311	24,311	24,311	24,311	24,311
R3 201 - R6 400					17,524	17,524	17,524	17,524	17,524	17,524	17,524	17,524
R6 401 - R12 800					18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R12 801 - R25 600					9,817	9,817	9,817	9,817	9,817	9,817	9,817	9,817
R25 601 - R51 200					2,692	2,692	2,692	2,692	2,692	2,692	2,692	2,692
R52 201 - R102 400					612	612	612	612	612	612	612	612
R102 401 - R204 800					297	297	297	297	297	297	297	297
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area				477	662	662	527	527	673	673	673	673
Number of poor people in municipal area					297,760	297,760	300	300	303			
Number of households in municipal area				112,226	112,226	137	137	137	137	137	137	137
Number of poor households in municipal area					59,552	59,552	60	60	61	61	61	61
Definition of poor household (R per month)				2,040	2,040	2,160	2,160	2,160	2,160	2,160	2,160	2,160

Housing statistics	3											
Formal								-	42,973	42,973	42,973	
Informal	0		-	-	-	-	-	8,330	8,330	8,330	8,330	
Total number of households			-	-	-	-	-	8,330	51,303	51,303	51,303	
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	
Economic	6											
Inflation/inflation outlook (CPIX)					4.3%	3.9%	4.6%	5.0%	5.4%	5.6%	5.4%	
Interest rate - borrowing								9.0%	9.0%	9.0%	9.0%	
Interest rate - investment												
Remuneration increases					0.0%	22.5%	24.1%	5.6%	11.6%	13.5%	8.1%	
Consumption growth (electricity)					-5.0%	13.0%	3.0%	-1.0%	2.6%	3.0%	2.8%	
Consumption growth (water)					65.0%	-44.0%	33.0%	-10.0%	2.0%	2.5%	2.4%	
Collection rates	7											
Property tax/service charges					96.0%	100.0%	92.0%	92.0%	92.0%	92.0%	92.0%	
Rental of facilities & equipment					70.0%	57.0%	73.2%	100.0%	92.0%	92.0%	94.0%	
Interest - external investments					231.0%	95.0%	63.2%	100.0%	92.0%	92.0%	92.0%	
Interest - debtors					127.0%	80.0%	127.7%	100.0%	92.0%	92.0%	92.0%	
Revenue from agency services					98.0%	25.0%	97.4%	100.0%	92.0%	92.0%	92.0%	

SUPPORTING TABLE SA10 FUNDING COMPLIANCE MEASURES

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Funding measures</u>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	567,213	(56,181)	15,773	85,925	42,417	42,417	42,417	132,301	206,481	293,335
Cash + investments at the yr end less applications - R'000	18(1)b	2	59,674	(479,449)	(317,163)	(112,333)	(154,238)	(154,238)	(154,238)	41,709	116,612	204,257
Cash year end/monthly employee/supplier payments	18(1)b	3	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.4	2.0	2.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	247,746	315,300	(199,997)	19,411	47,125	47,125	47,125	56,035	121,967	101,754
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	24.2%	8.7%	20.5%	(9.3%)	(6.0%)	(6.0%)	9.0%	6.6%	8.2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	85.5%	85.0%	92.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	22.5%	8.7%	1.3%	7.8%	10.0%	10.0%	10.0%	7.8%	7.8%	5.9%
Capital payments % of capital expenditure	18(1)c;19	8	161.0%	(18.3%)	99.4%	77.8%	95.0%	95.0%	95.0%	95.2%	96.6%	97.6%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.7%	0.1%	(0.1%)	17.3%	20.7%	20.7%	20.7%	45.4%	0.0%	32.6%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								52.8%	52.2%	63.8%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	246.3%	(49.1%)	(17.7%)	(16.4%)	0.0%	0.0%	(14.0%)	(14.0%)	(14.1%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	8.7%	(54.7%)	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.8%	2.5%	2.5%	2.5%	2.6%	2.6%	2.8%	2.7%	2.9%	3.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	61.6%	66.6%	65.5%	65.5%	0.0%	46.9%	49.4%	57.7%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators											
% incr total service charges (incl prop rates)	18(1)a		30.2%	14.7%	26.5%	(3.3%)	0.0%	0.0%	15.0%	12.6%	14.2%
% incr Property Tax	18(1)a		20.5%	5.7%	21.0%	3.0%	0.0%	0.0%	14.0%	10.4%	11.5%
% incr Service charges - electricity revenue	18(1)a		44.7%	21.9%	31.0%	(6.5%)	0.0%	0.0%	15.1%	13.8%	15.7%
% incr Service charges - water revenue	18(1)a		(1.4%)	(0.4%)	28.4%	(7.4%)	0.0%	0.0%	33.6%	11.6%	12.6%
% incr Service charges - sanitation revenue	18(1)a		(1.8%)	(0.1%)	7.4%	13.3%	0.0%	0.0%	11.9%	11.6%	12.5%
% incr Service charges - refuse revenue	18(1)a		9.3%	9.4%	15.1%	(2.4%)	0.0%	0.0%	12.5%	12.7%	14.3%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	453,936	590,295	699,548	877,069	840,131	840,131	840,131	969,504	1,091,664	1,245,040
Service charges		452,340	588,882	675,327	854,005	826,084	826,084	826,084	950,063	1,070,104	1,222,127
Property rates		155,406	187,192	197,865	239,445	246,745	246,745	246,745	281,185	310,463	346,037
Service charges - electricity revenue		227,314	328,997	400,935	525,034	491,034	491,034	491,034	565,108	643,173	743,855
Service charges - water revenue		18,428	18,176	18,101	23,250	21,519	21,519	21,519	28,744	32,075	36,105
Service charges - sanitation revenue		12,886	12,657	12,644	13,577	15,377	15,377	15,377	17,214	19,208	21,605
Service charges - refuse removal		38,306	41,861	45,782	52,700	51,410	51,410	51,410	57,813	65,184	74,525
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,596	1,412	24,220	23,064	14,047	14,047	14,047	19,441	21,560	22,913
Capital expenditure excluding capital grant funding		119,268	268,817	172,570	289,494	211,334	211,334	211,334	220,287	211,281	368,661
Cash receipts from ratepayers	18(1)a	1,138,964	156,534	924,021	1,086,661	1,100,791	1,100,791	1,100,791	1,227,225	1,377,636	1,559,361
Ratepayer & Other revenue	18(1)a	1,133,910	1,201,862	906,666	1,294,810	1,287,161	1,287,161	1,287,161	1,434,663	1,621,140	1,694,824
Change in consumer debtors (current and non-current)		104,926	164,222	(113,984)	(21,284)	(36,413)	(36,413)	(36,413)	(27,192)	(9,701)	(8,400)
Operating and Capital Grant Revenue	18(1)a	179,798	397,738	314,329	298,622	298,997	298,997	298,997	320,607	351,912	387,174
Capital expenditure - total	20(1)(vi)	710,483	853,380	301,246	637,110	535,596	535,596	535,596	541,568	553,185	558,538
Capital expenditure - renewal	20(1)(vi)	-	1	185,581	424,405	350,890	350,890		253,869	273,383	322,449
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY									320,607	351,912	387,174
DoRA capital grants total MFY									286,765	322,645	219,267
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/adv ised national, provincial and district grants									607,372	674,557	606,441
Average annual collection rate (arrears inclusive)											

DoRA operating												
Equitable Share										312,298	334,542	359,474
Municipal Sytems Improvement Grant (MSIG)										800	870	950
Financial Management Grant (FMG)										1,500	1,500	1,750
Water Service Operating Grant										6,009	15,000	25,000
										320,607	351,912	387,174
DoRA capital												
Municipal Infrastructure Grant (MIG)										188,062	198,383	209,853
Neighbourhood Development Partnership Grant										-	5,000	4,414
Public Transport Infrastructure and Systems Grant										98,703	113,762	-
Intergrated National Electrification Programme										-	5,500	5,000
										286,765	322,645	219,267
Trend												
Change in consumer debtors (current and non-current)			104,926	164,222	(113,984)	(36,413)	(27,192)	(9,701)	(8,400)	-	-	-
Total Operating Revenue			1,354,976	1,616,253	1,233,850	1,607,288	1,599,731	1,599,731	1,599,731	1,759,289	1,977,071	2,086,017
Total Operating Expenditure			1,107,229	1,300,953	1,433,847	1,587,876	1,552,607	1,552,607	1,552,607	1,703,255	1,855,104	1,984,263
Operating Performance Surplus/(Deficit)			247,746	315,300	(199,997)	19,411	47,125	47,125	47,125	56,035	121,967	101,754
Cash and Cash Equivalents (30 June 2012)										132,301		
Revenue												
% Increase in Total Operating Revenue				19.3%	(23.7%)	30.3%	(0.5%)	0.0%	0.0%	10.0%	12.4%	5.5%
% Increase in Property Rates Revenue				20.5%	5.7%	21.0%	3.0%	0.0%	0.0%	14.0%	10.4%	11.5%
% Increase in Electricity Revenue				44.7%	21.9%	31.0%	(6.5%)	0.0%	0.0%	15.1%	13.8%	15.7%
% Increase in Property Rates & Services Charges				30.2%	14.7%	26.5%	(3.3%)	0.0%	0.0%	15.0%	12.6%	14.2%
Expenditure												
% Increase in Total Operating Expenditure				17.5%	10.2%	10.7%	(2.2%)	0.0%	0.0%	9.7%	8.9%	7.0%
% Increase in Employee Costs				22.5%	24.1%	4.6%	0.1%	0.0%	0.0%	11.6%	13.5%	8.1%
% Increase in Electricity Bulk Purchases				23.4%	29.5%	18.9%	4.7%	0.0%	0.0%	13.6%	14.2%	12.6%
Average Cost Per Budgeted Employee Position (Remuneration)					236811.1393	221823.8984				247504.0461		
Average Cost Per Councillor (Remuneration)					238761.9577	239391.4154				257831.8179		
R&M % of PPE			1.8%	2.5%	2.5%	2.5%	2.6%	2.6%		2.7%	2.9%	3.1%
Asset Renewal and R&M as a % of PPE			2.0%	2.0%	6.0%	10.0%	8.0%	8.0%		7.0%	7.0%	8.0%
Debt Impairment % of Total Billable Revenue			22.5%	8.7%	1.3%	7.8%	10.0%	10.0%	10.0%	7.8%	7.8%	5.9%
Capital Revenue												
Internally Funded & Other (R'000)			97,016	137,877	102,430	218,972	167,644	167,644	167,644	82,957	188,632	249,000
Borrowing (R'000)			22,252	130,940	70,140	70,522	43,690	43,690	43,690	137,330	22,649	119,661
Grant Funding and Other (R'000)			591,215	584,563	128,676	347,616	324,262	324,262	324,262	321,281	341,904	189,877
Internally Generated funds % of Non Grant Funding			81.3%	51.3%	59.4%	75.6%	79.3%	79.3%	79.3%	37.7%	89.3%	67.5%
Borrowing % of Non Grant Funding			18.7%	48.7%	40.6%	24.4%	20.7%	20.7%	20.7%	62.3%	10.7%	32.5%
Grant Funding % of Total Funding			83.2%	68.5%	42.7%	54.6%	60.5%	60.5%	60.5%	59.3%	61.8%	34.0%

Capital Expenditure												
Total Capital Programme (R'000)			710,483	853,380	301,246	637,110	535,596	535,596	535,596	541,568	553,185	558,538
Asset Renewal			–	1	185,581	424,405	350,890	350,890	350,890	253,869	273,383	322,449
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	61.6%	66.6%	65.5%	65.5%	65.5%	46.9%	49.4%	57.7%
Cash												
Cash Receipts % of Rate Payer & Other			100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	85.5%	85.0%	92.0%
Cash Coverage Ratio			0	(0)	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										A2 za		
Capital Charges to Operating			2.0%	2.1%	(7.1%)	4.0%	5.5%	5.5%	5.5%	3.5%	8.1%	9.0%
Borrowing Receipts % of Capital Expenditure			0.7%	0.1%	(0.1%)	17.3%	20.7%	20.7%	20.7%	45.4%	0.0%	32.6%
Reserves												
Surplus/(Deficit)			59,674	(479,449)	(317,163)	(112,333)	(154,238)	(154,238)	(154,238)	41,709	116,612	204,257
Free Services												
Free Basic Services as a % of Equitable Share			1.1%	14.0%	15.8%	15.6%	15.6%	15.6%		16.3%	16.6%	17.1%
Free Services as a % of Operating Revenue (excl operational transfers)			1.9%	9.9%	13.1%	9.6%	9.7%	9.7%		10.3%	10.0%	10.6%
High Level Outcome of Funding Compliance												
Total Operating Revenue			1,354,976	1,616,253	1,233,850	1,607,288	1,599,731	1,599,731	1,599,731	1,759,289	1,977,071	2,086,017
Total Operating Expenditure			1,107,229	1,300,953	1,433,847	1,587,876	1,552,607	1,552,607	1,552,607	1,703,255	1,855,104	1,984,263
Surplus/(Deficit) Budgeted Operating Statement			247,746	315,300	(199,997)	19,411	47,125	47,125	47,125	56,035	121,967	101,754
Surplus/(Deficit) Considering Reserves and Cash Backing			307,421	(164,149)	(517,160)	(92,921)	(107,113)	(107,113)	(107,113)	97,744	238,579	306,011
MTREF Funded (1) / Unfunded (0)	15		1	0	0	0	0	0	0	1	1	1
MTREF Funded ✓ / Unfunded ✖	15		✓	✖	✖	✖	✖	✖	✖	✓	✓	✓

SUPPORTING TABLE SA 11 PROPERTY RATES SUMMARY

Description	Ref	2008/9	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Valuation:	1								
No. of properties	5						62 405	62 405	62 405
No. of sectional title values	5			4 422	4 422	4 422	4 580	4 580	4 580
No. of unreasonably difficult properties s7(2)				108	108	108	108	108	108
No. of supplementary valuations				2	2	2	2	2	
Supplementary valuation				2	2	2	–	–	–
Public service infrastructure value (Rm)	5			28	28	28	42	0	–
Municipality owned property value (Rm)				3 150	3 150	3 150	3 197	0	–
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)				8	8	8	13	0	–
Valuation reductions-R15,000 threshold (Rm)				622	622	622	624	0	–
Valuation reductions-public worship (Rm)				293	293	293	351	0	–
Valuation reductions-other (Rm)				2 740	2 740	2 740	2 284	0	–
Total valuation reductions:		–	–	3 664	3 664	3 664	3 272	0	–
Total value used for rating (Rm)	5			33 726	33 726	33 726	42 018	0	–
Total market value (Rm)	5			33 726	33 726	33 726	38 745	0	–
Rating:									
Residential rate used to determine rate for other categories? (Y/N)				Yes			Yes		
Differential rates used? (Y/N)	5			Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)				No			No		
Special rating area used? (Y/N)				No			No		
Phasing-in properties s21 (number)				4739			4739		
Rates policy accompanying budget? (Y/N)				Yes			Yes		
Fixed amount minimum value (R'000)				80					
Non-residential prescribed ratio s19? (%)									
Rate revenue:									
Rate revenue budget (R '000)	6	–	–	–	–	–	–	–	–
Rate revenue expected to collect (R'000)	6	–	–	–	–	–	–	–	–
Expected cash collection rate (%)		0.0%		92.0%	90.0%	90.0%	92.0%	92.0%	94.0%
Special rating areas (R'000)	7	–	–	–	–	–	–	–	–

SUPPORTING TABLE 12 A& B PROPERTY RATES BY CATEGORY

MP322 Mbombela - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monu m/ts	Public benefit organs.	Minin g Props.
Current Year 2011/12																	
Valuation:																	
No. of properties		42 973	–	2 075	3 760	64	9 334	211	–	207	108	–	–	1	–	143	–
No. of sectional title property values		3 994	–	428	–	–	–	–	–	–	–	–	–	–	–	–	–
Years since last valuation (select)		3		3	3	3	3	3	–			–	–		–	–	–
Frequency of valuation (select)		4	4	4	4	4	4	4	–			–	–		–	–	–
Method of valuation used (select)		Market		Market	Market	Market	Market	Other	–	Market	Other	–	–	Other	–	Dep.Repl ace	–
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	–	Land & impr.	Land & impr.	–	–	Land only	–	Land & impr.	–
Combination of rating types used? (Y/N)				Yes		Yes	Yes	Yes	–	Yes	Yes	–	–		–		–
Flat rate used? (Y/N)				No	No	No	No	No	–	No	No	–	–		–		–

MP322 Mbombela - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monu m/ts	Public benefit organs.	Minin g Props.
Budget Year 2012/13																	
Valuation:																	
No. of properties		44 520	–	2 155	3 792	87	9 321	318	–	207	108					99	
No. of sectional title property values		4 142	–	438	–	–	–	–	–	–	–	–	–	–	–	–	–
Years since last valuation (select)		3		3	3	3	3	3								3	
Frequency of valuation (select)																	

Method of valuation used (select)		Market		Market	Market	Market	Market	Market		Market	Other			Other		Dep.Repl ace	
Base of valuation (select)		Land & impr.		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.		Land only	Land & impr.			Land only		Land & impr.	
Phasing-in properties s21 (number)		0															
Combination of rating types used? (Y/N)		Yes		Yes	Yes	Yes	Yes	Yes		Yes	Yes			Yes		Yes	
Flat rate used? (Y/N)		No	No	No	No	No	No	No		No	No			No		No	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions- R15,000 threshold (Rm)		624				0											
Valuation reductions-other (Rm)	2	2 284	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																	
Total value used for rating (Rm)	6	18 355	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rating:																	
Expected cash collection rate (%)	4	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%

SUPPORTING TABLE SA 13 SERVICE TARIFFS BY CATEGORY

Description	Ref	Provide description of tariff structure where appropriate	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
							Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Property rates (rate in the Rand)	1								
Residential properties				0.6452	0.6646	0.6978	0.7432	0.7930	0.8445
Residential properties - vacant land				-	-	2.0935	2.2295	2.3789	2.5335
Formal/informal settlements				0.6452	0.6646	0.6978	0.7432	0.7930	0.8445
Small holdings				-	-		-	-	-
Farm properties - used				0.1613	0.1661	0.1745	0.1858	0.1982	0.2111
Farm properties - not used				-	-		-	-	-
Industrial properties				1.6130	1.6615	1.7446	1.1147	1.1894	1.2667
Business and commercial properties				1.6130	1.6615	1.7446	1.8579	1.9824	2.1112
Communal land - residential				0.6452	0.6646	0.6978	0.7432	0.7930	0.8445
Communal land - small holdings				0.6452	0.6646	0.6978	0.7432	0.7929	0.8445
Communal land - farm property				0.6452	0.6646	0.6978	0.7432	0.7929	0.8445
Communal land - business and commercial				0.6452	0.6646	0.6978	0.7432	0.7929	0.8445
Communal land - other				0.6452	0.6646	0.6978	0.7432	0.7929	0.8445
State-owned properties				1.9356	1.9938	2.0935	2.2295	2.379	2.5335
Municipal properties				Ex empt	Ex empt	ex empt	ex empt	ex empt	ex empt
Public service infrastructure				0.1613	0.1661	0.1745	0.1858	0.1983	0.2112
Privately owned towns serviced by the				0.6452	0.6646	0.6978	0.7432	0.7929	0.8445
State trust land				0.6452	0.6646	0.6978	0.7432	0.7930	0.8445
Restitution and redistribution properties								-	-
Protected areas								-	-
National monuments properties									-
<u>Exemptions, reductions and rebates</u>									
<u>Residential properties</u>									
R15 000 threshold rebate				15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate				65,000	65,000	65,000	65,000	65,000	65,000
Indigent rebate or exemption				100%	100%	100%	100%	100%	100%
Pensioners/social grants rebate or exemption				100%	100%	100%	100%	100%	100%
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption				30%	30%	30%	30%	30%	30%
<u>List other rebates or exemptions</u>									
[insert lines if necessary]									

SUPPORTING TABLE SA 14 HOUSEHOLD BUILS

MP322 Mbombela - Supporting Table SA14 Household bills

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent								% incr.			
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		251.46	383.89	395.44	407.05	407.05	407.05	6.5%	433.51	462.55	492.62
Electricity: Basic levy		66.33	87.00	80.00	–	–	–	12.0%	–	–	–
Electricity: Consumption		458.30	689.66	860.50	930.00	930.00	930.00	12.0%	1 041.60	1 156.18	1 283.36
Water: Basic levy		40.86	44.13	47.66	51.50	51.50	51.50	9.8%	56.77	62.10	68.56
Water: Consumption		189.84	204.26	221.28	240.00	240.00	240.00	9.8%	264.54	289.41	319.51
Sanitation		240.79	240.00	254.40	219.60	219.60	219.60	9.8%	242.05	264.81	292.35
Refuse removal		81.77	88.31	97.14	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
Other					–	–	–	11.0%	–	–	–
sub-total		1 329.35	1 737.25	1 956.42	1 955.15	1 955.15	1 955.15	10.3%	2 156.41	2 364.78	2 600.39
Total large household bill:		1 329.35	1 737.25	1 956.42	1 955.15	1 955.15	1 955.15	10.3%	2 156.41	2 364.78	2 600.39
% increase/-decrease			30.7%	12.6%	(0.1%)	–	–		10.3%	9.7%	10.0%
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
Rates and services charges:											
Property rates		35.50	18.82	39.49	290.75	290.75	290.75	6.5%	309.65	330.40	351.87
Electricity: Basic levy		66.33	–	105.96	–	–	–	12.0%	–	–	–
Electricity: Consumption		228.23	370.86	364.61	385.00	385.00	385.00	12.0%	431.20	478.63	531.28
Water: Basic levy		40.86	–	47.66	51.50	51.50	51.50	9.8%	56.77	62.10	68.56
Water: Consumption		150.29	162.26	175.29	190.00	190.00	190.00	9.8%	209.43	229.11	252.94
Sanitation		203.74	152.00	235.40	173.85	173.85	173.85	9.8%	191.63	209.64	231.44
Refuse removal		81.77	28.31	98.04	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
Other					–	–	–	11.0%	–	–	–

sub-total		806.72	732.25	1 066.45	1 198.10	1 198.10	1 198.10	9.9%	1 316.61	1 439.62	1 580.10
Total small household bill:		806.72	732.25	1 066.45	1 198.10	1 198.10	1 198.10	9.9%	1 316.61	1 439.62	1 580.10
% increase/-decrease			(9.2%)	45.6%	12.3%	–	–		9.9%	9.3%	9.8%
				-5.94	-0.73	-1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		35.50	18.82	19.40	174.45	174.45	174.45	6.5%	185.79	198.24	211.12
Electricity: Basic levy		–	–	–	–	–	–	12.0%	–	–	–
Electricity: Consumption		34.01	44.68	36.62	31.50	31.50	31.50	12.0%	–	–	–
Water: Basic levy		–	–	–	–	–	–	9.8%	–	–	–
Water: Consumption		–	–	–	140.00	140.00	140.00	9.8%	154.32	168.82	186.38
Sanitation		81.77	88.31	97.14	128.10	128.10	128.10	9.8%	141.20	154.47	170.54
Refuse removal					–	–	–	10.3%	–	–	–
Other					–	–	–	11.0%	–	–	–
sub-total		151.28	151.81	153.16	474.05	474.05	474.05	1.5%	481.30	521.53	568.04
VAT on Services		16.21	18.62		21.01						
Total small household bill:		167.49	170.43	153.16	495.06	474.05	474.05	(2.8%)	481.30	521.53	568.04
% increase/-decrease			1.8%	(10.1%)	223.2%	(4.2%)	–		1.5%	8.4%	8.9%

SUPPORTING TABLE SA 15 AND 17 INVESTMENTS AND BORROWINGS

MP322 Mbombela - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<u>Parent municipality</u>										
Securities - National Government		263 158	12	390	100	100	100	100	100	100
Bankers Acceptance Certificates		20 017	22 106	22 597	18 115	18 115	18 115	19 071	20 078	21 138
Municipality sub-total	1	283 176	22 118	22 987	18 215	18 215	18 215	19 171	20 178	21 238
<u>Entities</u>										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		283 176	22 118	22 987	18 215	18 215	18 215	19 171	20 178	21 238

MP322 Mbombela - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<u>Parent municipality</u>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)			46 839	24 212	175 572	179 425	179 425	208 453	202 704	196 243
Local registered stock										
Instalment Credit			11 900	11 900	-					
Municipality sub-total	1	-	58 739	36 112	175 572	179 425	179 425	208 453	202 704	196 243
Total Borrowing	1	-	58 739	36 112	175 572	179 425	179 425	208 453	202 704	196 243

SUPPORTING TABLE SA18 TRANSFERS AND GRANTS

MP322 Mbombela - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		617 481	200 064	282 654	298 622	299 341	299 341	323 561	351 912	387 174
Local Government Equitable Share		151 160	198 406	247 675	282 081	282 081	282 081	312 298	334 542	359 474
Municipal Systems Improvement		735	742	791	790	1 360	1 360	800	870	950
Finance Management		500	916	1 188	1 250	1 250	1 250	1 500	1 500	1 750
Water Services Operating Subsidy		26 548		15 207	14 501	14 650	14 650	6 009	15 000	25 000
Integrated National Electrification Programme				11 408						
EPWP Incentive				1 202				2 954	-	-
2010 World Cup Host City, Expanded PWP Incentive		438 537		5 184	-					
Provincial Government:		48 855	940	2 954	-	-	-	-	-	-
Housing				2 954						
Sport and Recreation		48 000								
SETA		855	940							
Other grant providers:		-	-	926	-	-	-	-	-	-
<i>other provincial grants</i>				926						
Total Operating Transfers and Grants	5	666 336	201 004	286 534	298 622	299 341	299 341	323 561	351 912	387 174
<u>Capital Transfers and Grants</u>										
National Government:		325 088	287 598	149 828	227 498	191 430	191 430	286 765	322 645	219 267
Municipal Infrastructure Grant (MIG)		62 212	136 093	88 242	155 031	155 031	155 031	188 062	198 383	209 853
Public Transport and Systems		207 328	75 833	18 475	45 000	45 000	45 000	98 703	113 762	-
Neighbourhood Development Partnership			35	6 064					5 000	4 414
Integrated National Electrification & Elec Demand Side		29 500	55 714	8 744	27 467	(8 601)	(8 601)		5 500	5 000
Water Affairs		26 048	19 923	28 303						
Provincial Government:		1 740	-	-	-	-	-	-	-	-

Provincial Government:		1 740								
Other grant providers:		3 000	-	-	-	-	-	-	-	-
<i>Department of Land Affairs</i>		3 000								
Total Capital Transfers and Grants	5	329 828	287 598	149 828	227 498	191 430	191 430	286 765	322 645	219 267
TOTAL RECEIPTS OF TRANSFERS & GRANTS		996 164	488 602	436 362	526 120	490 770	490 770	610 326	674 557	606 441

SUPPORTING TABLE SA 19 EXPENDITURE ON TRANSFERS AND GRANTS PROGRAMMES

MP322 Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		617 481	200 064	282 654	298 622	299 341	299 341	323 561	351 912	387 174
Local Government Equitable Share		151 160	198 406	247 675	282 081	282 081	282 081	312 298	334 542	359 474
Municipal Systems Improvement		735	742	791	790	1 360	1 360	800	870	950
Finance Management		500	916	1 188	1 250	1 250	1 250	1 500	1 500	1 750
Water Services Operating Subsidy		26 548		15 207	14 501	14 650	14 650	6 009	15 000	25 000
Integrated National Electrification Programme				11 408						
EPWP Incentive				1 202				2 954	–	–
2010 World Cup Host City, Expanded PWP Incentive		438 537		5 184	–					
Provincial Government:		48 855	940	2 954	–	–	–	–	–	–
Housing				2 954	–	–	–	–	–	–
Sport and Recreation		48 000			–	–	–	–	–	–
SETA		855	940		–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	–	926	–	–	–	–	–	–
<i>other provincial grants</i>				926						
Total operating expenditure of Transfers and Grants:		666 336	201 004	286 534	298 622	299 341	299 341	323 561	351 912	387 174
Capital expenditure of Transfers and Grants										
National Government:		325 088	287 598	149 828	218 065	191 430	191 430	286 765	322 645	219 267
Municipal Infrastructure Grant (MIG)		62 212	136 093	88 242	155 031	155 031	155 031	188 062	198 383	209 853
Public Transport and Systems		207 328	75 833	18 475	45 000	45 000	45 000	98 703	113 762	–
Neighbourhood Development Partnership			35	6 064					5 000	4 414

Intergrated National Electrification & Elec Demand										
Side		29 500	55 714	8 744	18 034	(8 601)	(8 601)		5 500	5 000
Water Affairs		26 048	19 923	28 303						
Provincial Government:		1 740	-	-	-	-	-	-	-	-
Provincial Government:		1 740								
Other grant providers:		3 000	-	-	-	-	-	-	-	-
Department of Land Affairs		3 000								
Total capital expenditure of Transfers and Grants		329 828	287 598	149 828	218 065	191 430	191 430	286 765	322 645	219 267
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		996 164	488 602	436 362	516 687	490 770	490 770	610 326	674 557	606 441

SUPPORTING SUPPORTING TABLE SA 20 RECONCILIATION OF GRANTS TRANSFERS, RECEIPTS AND UNSPEND

MP322 Mbombela - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		47 147	7 707	14 305	–	–	–	–	–	–
Current year receipts		130 902	390 032	282 654	298 622	298 997	298 997	320 607	351 912	387 174
Conditions met - transferred to revenue		178 049	397 739	296 959	298 622	298 997	298 997	320 607	351 912	387 174
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		–	–	4 265	–	–	–	–	–	–
Current year receipts		855	–	2 954	–	–	–	–	–	–
Conditions met - transferred to revenue		855	–	7 218	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		894	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		894	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year				1 131	–	–	–	–	–	–
Current year receipts				9 020	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	10 151	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		179 798	397 739	314 329	298 622	298 997	298 997	320 607	351 912	387 174
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		176 518	129 926	106 820	–	–	–	–	–	–
Current year receipts		819 521	454 637	149 828	336 616	324 262	324 262	321 281	341 904	189 877
Conditions met - transferred to revenue		587 300	584 563	256 647	336 616	324 262	324 262	321 281	341 904	189 877
Conditions still to be met - transferred to liabilities		408 740	–	–	–	–	–	–	–	–
Provincial Government:										
Current year receipts		1 740	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		262	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		1 478	–	–	–	–	–	–	–	–

District Municipality:										
Current year receipts		3 653	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		3 653	-	-	-	-	-	-	-	-
Other grant providers:										
Current year receipts		-	-	-	11 000	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	11 000	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		591 215	584 563	256 647	347 616	324 262	324 262	321 281	341 904	189 877
Total capital transfers and grants - CTBM	2	410 218	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		771 013	982 302	570 976	646 238	623 259	623 259	641 888	693 816	577 051
TOTAL TRANSFERS AND GRANTS - CTBM		410 218	-	-	-	-	-	-	-	-

SUPPORTING TABLE SA22 SUMMARY STAFF AND COUNCILLORS**_MP322 Mbombela - Supporting Table SA22 Summary councillor and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	1	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		8 452	9 546	10 391	11 685	11 585	11 585	12 462	13 085	13 740
Pension and UIF Contributions		1 180	1 348	1 488	1 572	1 764	1 764	1 924	2 020	2 121
Medical Aid Contributions		341	329	326	374	155	155	234	246	258
Motor Vehicle Allowance		3 838	3 538	3 834	4 136	4 380	4 380	4 460	4 683	4 917
Cellphone Allowance		–	830	913	890	992	992	1 031	1 082	1 136
Other benefits and allowances		–	13	–	16	97	97	–	–	–
Sub Total - Councillors		13 811	15 604	16 952	18 673	18 973	18 973	20 111	21 116	22 172
% increase	4		13.0%	8.6%	10.2%	1.6%	–	6.0%	5.0%	5.0%
<u>Senior Managers of the Municipality</u>	2									
Basic Salaries and Wages		3 049	2 825	3 213	5 436	2 818	2 818	4 632	5 258	5 685
Pension and UIF Contributions		664	590	714	1 196	627	627	1 046	1 188	1 284
Medical Aid Contributions		160	152	157	367	162	162	167	190	205
Performance Bonus		–	–	–	–	–	–	500	568	614
Motor Vehicle Allowance	3	758	645	599	1 061	553	553	1 190	1 351	1 460
Cellphone Allowance	3	–	41	78	204	83	83	217	246	266
Other benefits and allowances	3	123	70	178	108	165	165	–	–	–
Sub Total - Senior Managers of Municipality		4 754	4 323	4 939	8 372	4 407	4 407	7 752	8 800	9 514
% increase	4		(9.1%)	14.3%	69.5%	(47.4%)	–	75.9%	13.5%	8.1%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		145 682	184 742	221 537	238 850	221 038	221 038	253 745	288 056	311 432
Pension and UIF Contributions		31 620	34 759	44 081	57 460	50 353	50 353	60 077	68 200	73 735
Medical Aid Contributions		8 913	11 310	13 614	18 197	15 611	15 611	20 355	23 107	24 982
Overtime		28 020	19 574	32 542	16 445	32 914	32 914	21 551	24 465	26 450
Motor Vehicle Allowance	3	11 491	14 149	15 167	18 508	17 066	17 066	20 347	23 098	24 972
Cellphone Allowance	3	–	527	823	1 343	1 361	1 361	2 078	2 359	2 551
Housing Allowances	3	6 874	2 432	2 478	3 478	2 691	2 691	3 246	3 684	3 983
Other benefits and allowances	3	–	17 584	2 929	12 311	26 861	26 861	27 010	30 662	33 151

Payments in lieu of leave		–	4 995	2 944	2 527	5 575	5 575	4 000	4 541	4 909
Long service awards		–	833	844	526	526	526	575	653	706
Post-retirement benefit obligations	6	–	12 314	27 054	7 956	8 015	8 015	10 662	12 104	13 086
Sub Total - Other Municipal Staff		232 600	303 219	364 012	377 601	382 011	382 011	423 647	480 928	519 957
% increase	4		30.4%	20.0%	3.7%	1.2%	–	10.9%	13.5%	8.1%
Total Parent Municipality		251 165	323 146	385 903	404 646	405 391	405 391	451 510	510 845	551 644
			28.7%	19.4%	4.9%	0.2%	–	11.4%	13.1%	8.0%
<u>Board Members of Entities</u>										
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
<u>Senior Managers of Entities</u>										
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
<u>Other Staff of Entities</u>										
TOTAL SALARY, ALLOWANCES & BENEFITS		251 165	323 146	385 903	404 646	405 391	405 391	451 510	510 845	551 644
% increase	4		28.7%	19.4%	4.9%	0.2%	–	11.4%	13.1%	8.0%
TOTAL MANAGERS AND STAFF	5	237 354	307 542	368 951	385 973	386 418	386 418	431 399	489 728	529 472

SUPPORTING TABLE SA 23 SALARIES, ALLOWANCES & BENEFITS (POLITICAL OFFICE / COUNCILLORS / SENIOR MANAGERS)

MP322 Mbombela - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	400 394	78 377	79 029			557 800
Chief Whip		1	319 699	66 272	138 156			524 127
Executive Mayor		1	431 575	83 053	196 958			711 586
Executive Committee		9	2 959 121	514 615	1 243 403			4 717 139
Total for all other councillors		66	8 351 470	1 415 837	3 832 923			13 600 230
Total Councillors	8	78	12 462 259	2 158 154	5 490 469			20 110 882
Senior Managers of the Municipality	5							
Municipal Manager (MM)			774 049	187 480	364 607	–		1 326 136
Chief Finance Officer			753 444	205 021	104 372	131 433		1 194 270
<i>List of each official with packages >= senior manager</i>								
Deputy Municipal Manager			702 945	196 250	187 834	135 066		1 222 095
General Manager: Corporate Services			589 275	161 261	193 500	–		944 036
General Manager: Community Services			589 275	161 261	193 500	116 750		1 060 786
General Manager : Technical Services			633 671	141 117	169 248	116 750		1 060 786
General Manager: Office of Council			589 275	161 261	193 500	–		944 036
Total Senior Managers of the Municipality	8	–	4 631 934	1 213 651	1 406 561	500 000		7 752 146
A Heading for Each Entity	6,7							
List each member of board by designation								
Total for municipal entities	8	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		78	17 094 193	3 371 805	6 897 030	500 000		27 863 028

SUPPORTING TABLE SA 24 SUMMARY OF PERSONNEL NUMBERS

MP322 Mbombela - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		71	–	71	78	–	78	78	–	78
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5	1 478	1 469	9	1 662	1 655	7	1 662	1 655	7
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	9	–	6
Other Managers	7	74	67	7	72	62	5	72	62	5
Professionals		–	–	–	–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS		1 629	1 536	93	1 818	1 717	96	1 821	1 717	96
% increase					11.6%	11.8%	3.2%	0.2%	–	–
Total municipal employees headcount	6	1 478	1 469	9	1 662	1 655	7	1 662	1 655	7
Finance personnel headcount	8	138	135	3	154	151	3	154	151	3
Human Resources personnel headcount	8	74	67	7	72	62	5	72	62	5

SUPPORTING TABLE SA 25 BUDGETED MONTHLY REVENUE AND EXPENDITURE

MP322 Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source																
Property rates		25 307	23 057	23 338	23 057	23 057	22 776	23 057	23 620	24 182	24 182	24 463	21 089	281 185	310 463	346 037
Service charges - electricity revenue		50 860	46 339	46 904	46 339	46 339	45 774	46 339	47 469	48 599	48 599	49 164	42 383	565 108	643 173	743 855
Service charges - water revenue		2 599	2 368	2 397	2 368	2 368	2 339	2 368	2 426	2 483	2 483	2 512	2 035	28 744	32 075	36 105
Service charges - sanitation revenue		1 542	1 405	1 422	1 405	1 405	1 388	1 405	1 439	1 474	1 474	1 491	1 364	17 214	19 208	21 605
Service charges - refuse revenue		5 203	4 741	4 798	4 741	4 741	4 683	4 741	4 856	4 972	4 972	5 030	4 336	57 813	65 184	74 525
Rental of facilities and equipment		192	218	197	275	10 997	298	298	527	2 978	481	275	2 704	19 441	21 560	22 913
Interest earned - external investments		3	–	–	1 204	3	–	903	1 075	–	–	575	255	4 019	4 019	4 019
Interest earned - outstanding debtors		1 632	1 504	1 430	990	1 339	1 119	2 567	2 292	1 779	1 852	1 302	1 147	18 954	21 195	23 704
Fines		228	348	180	191	206	273	195	243	131	318	187	1 242	3 742	4 117	4 488
Licences and permits		478	728	376	399	431	572	407	509	274	666	391	68	5 299	6 093	7 007
Agency services		–	–	–	–	24 935	–	20 260	7 558	7 325	4 987	10 441	11 766	87 272	95 999	105 599
Transfers recognised - operational		102 594	–	–	3 527	–	80 152	3 847	3 847	70 534	–	–	56 106	320 607	351 912	387 174
Other revenue		6 965	39 139	6 634	23 882	53 070	19 238	7 629	102 824	13 268	13 931	16 916	46 397	349 893	402 073	308 986
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		197 603	119 846	87 676	108 377	168 890	178 610	114 015	198 686	177 998	103 945	112 748	190 893	1 759 289	1 977 071	2 086 017
Expenditure By Type																
Employee related costs		29 767	33 218	34 512	33 218	34 512	36 238	37 532	40 120	40 120	36 238	40 552	35 375	431 400	489 728	529 472
Remuneration of councillors		1 508	1 508	1 569	1 569	1 549	1 569	2 112	1 649	1 629	1 669	1 629	2 152	20 111	21 116	22 172
Debt impairment		–	–	–	–	–	–	43 325	–	–	–	–	32 684	76 009	85 613	72 968
Depreciation & asset impairment		–	–	–	–	–	–	–	–	–	–	232 113	56 226	288 339	290 646	292 971
Finance charges		84	2 614	422	84	548	10 964	2 867	2 910	2 994	1 265	590	16 825	42 168	41 943	59 140
Bulk purchases		26 917	61 526	49 990	23 841	28 071	3 461	24 610	22 688	28 071	32 685	27 302	51 566	380 728	434 943	489 811
Other materials		1 282	1 611	1 203	1 794	1 827	1 926	1 334	1 301	1 616	2 466	2 005	1 232	19 599	19 599	23 891

Contracted services		2 158	3 471	3 379	4 027	3 488	4 927	7 733	9 891	9 782	12 768	11 689	13 505	86 819	91 681	96 265
Other expenditure		2 577	4 144	27 913	16 748	16 103	17 821	9 233	11 809	23 618	15 245	13 956	198 915	358 082	379 835	397 572
Total Expenditure		64 293	108 092	118 986	81 281	86 098	76 904	128 746	90 368	107 831	102 336	329 837	408 480	1 703 255	1 855 104	1 984 263
Surplus/(Deficit)		133 310	11 755	(31 310)	27 096	82 792	101 706	(14 731)	108 318	70 167	1 609	(217 089)	(217 587)	56 035	121 967	101 754
Surplus/(Deficit) after capital transfers & contributions		133 310	11 755	(31 310)	27 096	82 792	101 706	(14 731)	108 318	70 167	1 609	(217 089)	(217 587)	56 035	121 967	101 754
Surplus/(Deficit)	1	133 310	11 755	(31 310)	27 096	82 792	101 706	(14 731)	108 318	70 167	1 609	(217 089)	(217 587)	56 035	121 967	101 754

SUPPORTING TABLE SA 26 BUDGETED MONTHLY REVENUE AND EXPENDITURE (MUNICIPAL VOTES)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote																
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - SECRETARY TO COUNCIL		-	6	-	-	-	-	-	-	-	-	-	-	6	7	7
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - CORPORATE SERVICES		91	83	84	83	83	81	83	85	87	87	90	73	1,006	1,104	1,211
Vote 10 - FINANCIAL SERVICES		195,431	28,849	139,594	42,809	31,641	176,819	37,225	32,572	139,594	33,502	32,107	40,469	930,611	1,041,296	1,019,142
Vote 11 - TECHNICAL SERVICES		143,592	19,354	20,602	28,718	21,227	118,619	24,973	21,851	93,647	22,475	21,539	109,550	646,147	733,245	842,135
Vote 12 - COMMUNITY SERVICES		40,506	5,460	5,812	8,101	5,988	33,462	7,045	6,164	26,417	6,340	6,076	24,744	176,114	195,501	217,041
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & R		1,243	168	178	249	184	1,027	216	189	811	195	187	760	5,406	5,918	6,481
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		380,863	53,919	166,270	79,959	59,122	330,008	69,541	60,860	260,555	62,599	59,997	175,596	1,759,289	1,977,071	2,086,017
Expenditure by Vote to be appropriated																
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR		300	377	515	653	661	684	546	538	845	576	469	1,522	7,685	9,006	9,866
Vote 2 - OFFICE OF COUNCIL		388	487	666	845	855	884	706	696	1,093	745	606	1,968	9,938	10,869	11,740
Vote 3 - OFFICE OF THE CHIEF WHIP		38	47	65	82	83	86	68	67	106	72	59	191	963	1,150	1,252
Vote 4 - SECRETARY TO COUNCIL		685	860	1,176	1,492	1,510	1,563	1,247	1,229	1,931	1,317	1,071	3,476	17,557	20,041	21,704
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER		603	757	1,035	1,313	1,329	1,375	1,097	1,081	1,699	1,159	942	3,059	15,449	18,014	19,640
Vote 6 - DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	(703)	(703)	(640)	(619)
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT		685	860	1,176	1,492	1,510	1,562	1,246	1,229	1,931	1,317	1,071	4,179	18,258	21,616	23,878
Vote 8 - TRANSVERSAL SERVICES		190	239	326	414	419	434	346	341	536	365	297	965	4,871	5,889	6,448
Vote 9 - CORPORATE SERVICES		2,533	3,685	3,731	3,915	3,961	4,099	3,270	3,224	5,066	3,454	2,809	6,310	46,057	48,732	51,285
Vote 10 - FINANCIAL SERVICES		11,598	16,870	17,081	17,924	18,135	18,768	14,972	14,761	23,196	15,816	12,863	28,890	210,874	220,720	218,059
Vote 11 - TECHNICAL SERVICES		49,024	71,307	72,198	75,764	76,655	79,329	63,285	62,394	98,047	66,850	54,372	155,379	924,604	1,009,105	1,081,976
Vote 12 - COMMUNITY SERVICES		21,681	31,536	31,930	33,507	33,901	35,084	27,988	27,594	43,362	29,565	24,046	54,006	394,203	432,893	456,752
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & R		2,942	4,280	4,333	4,547	4,601	4,761	3,798	3,745	5,885	4,012	3,263	7,329	53,497	57,709	82,281
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		90,665	131,304	134,233	141,949	143,619	148,629	118,569	116,899	183,699	125,249	101,869	266,570	1,703,255	1,855,104	1,984,263
Surplus/(Deficit) before assoc.		290,198	(77,386)	32,037	(61,990)	(84,497)	181,379	(49,028)	(56,039)	76,856	(62,650)	(41,872)	(90,974)	56,035	121,967	101,754
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	290,198	(77,386)	32,037	(61,990)	(84,497)	181,379	(49,028)	(56,039)	76,856	(62,650)	(41,872)	(90,974)	56,035	121,967	101,754

SUPPORTING TABLE SA 27 BUDGETED MONTHLY REVENUE AND EXPENDITURE(STANDARD CLASSIFICATION)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand																
Revenue - Standard																
Governance and administration		195,522	28,938	139,677	42,891	31,724	176,900	37,307	32,656	139,680	33,589	32,196	46,372	937,452	1,048,629	1,030,315
Executive and council		–	6	–	–	–	–	–	–	–	–	–	–	6	7	7
Budget and treasury office		195,431	28,849	139,594	42,809	31,641	176,819	37,225	32,572	139,594	33,502	32,107	45,181	935,323	1,046,304	1,027,776
Corporate services		91	83	84	83	83	81	83	85	87	87	90	1,191	2,123	2,318	2,531
Community and public safety		2,218	3,226	3,266	3,427	3,468	3,589	2,863	2,823	4,436	3,024	2,460	5,524	40,323	46,445	52,863
Community and social services		938	1,365	1,382	1,450	1,467	1,518	1,211	1,194	1,877	1,279	1,041	2,337	17,060	18,892	19,886
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		584	850	861	903	914	946	754	744	1,169	797	648	1,456	10,624	13,997	18,475
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		695	1,011	1,024	1,074	1,087	1,125	897	885	1,390	948	771	1,732	12,639	13,556	14,502
Economic and environmental services		6,437	8,336	8,440	8,857	8,961	9,274	7,398	9,311	11,462	7,815	8,474	9,433	104,197	114,936	126,807
Planning and development		183	267	270	283	287	297	237	233	366	250	203	456	3,332	3,651	4,003
Road transport		6,254	8,069	8,170	8,574	8,674	8,977	7,161	9,078	11,095	7,565	8,271	8,977	100,865	111,286	122,804
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		45,553	50,834	52,815	50,834	52,815	55,455	57,436	61,397	59,416	55,455	62,057	73,251	677,317	767,062	876,032
Electricity		39,110	43,644	45,344	43,644	45,344	47,612	49,312	52,713	51,013	47,612	53,280	48,178	566,806	645,209	739,594
Water		2,454	2,738	2,845	2,738	2,845	2,987	3,094	3,307	3,201	2,987	3,343	3,023	35,563	37,549	40,170
Waste water management		–	–	–	–	–	–	–	–	–	–	–	17,135	17,135	19,121	21,743
Waste management		3,989	4,452	4,625	4,452	4,625	4,856	5,030	5,377	5,203	4,856	5,434	4,914	57,813	65,184	74,525
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Standard		249,729	91,334	204,198	106,009	96,967	245,218	105,004	106,187	214,994	99,883	105,187	134,580	1,759,289	1,977,072	2,086,017

Expenditure - Standard																
<i>Governance and administration</i>		28,048	37,397	40,514	18,699	21,815	31,476	19,945	18,387	22,750	23,230	25,930	23,453	311,645	337,598	353,438
Executive and council		3,597	4,796	5,196	2,398	2,798	4,037	2,558	2,358	2,918	3,397	2,838	3,077	39,967	45,389	49,238
Budget and treasury office		18,052	24,069	26,075	12,034	14,040	20,258	12,837	11,834	14,642	14,642	17,049	15,043	200,574	209,492	214,203
Corporate services		6,399	8,533	9,244	4,266	4,977	7,182	4,551	4,195	5,191	5,191	6,044	5,333	71,104	82,717	89,997
<i>Community and public safety</i>		18,433	24,577	26,625	12,289	14,337	20,686	13,108	12,084	14,951	14,951	17,409	158,627	348,075	372,928	375,757
Community and social services		5,964	7,951	8,614	3,976	4,638	6,692	4,241	3,909	4,837	4,837	5,632	114,970	176,261	199,029	139,317
Sport and recreation		6,005	8,006	8,673	4,003	4,670	6,738	4,270	3,936	4,870	4,870	5,671	5,004	66,717	70,686	131,242
Public safety		4,589	6,119	6,628	3,059	3,569	5,150	3,263	3,008	3,722	3,722	4,334	37,090	84,254	80,368	80,901
Housing		779	1,039	1,125	519	606	874	554	511	632	632	736	649	8,658	9,773	10,489
Health		1,097	1,462	1,584	731	853	1,231	780	719	890	890	1,036	914	12,185	13,071	13,808
<i>Economic and environmental services</i>		36,087	48,116	52,126	24,058	28,068	40,498	25,662	23,657	29,271	29,271	34,082	221,734	592,631	624,240	661,838
Planning and development		1,608	2,143	2,322	1,072	1,250	1,804	1,143	1,054	1,304	1,304	1,518	1,340	17,862	18,990	20,590
Road transport		34,140	45,521	49,314	22,760	26,554	38,313	24,278	22,381	27,692	27,692	32,244	220,112	571,000	600,853	636,479
Environmental protection		339	452	490	226	264	381	241	222	275	275	320	283	3,769	4,396	4,769
<i>Trading services</i>		45,584	30,112	35,622	31,056	37,565	30,844	38,060	34,305	37,418	38,418	45,829	44,459	449,274	518,267	590,934
Electricity		41,508	25,344	29,956	27,672	32,284	26,581	29,517	27,211	33,667	33,667	39,202	37,928	384,535	439,293	499,608
Water		574	1,432	1,718	716	1,002	1,989	1,231	588	1,388	1,388	931	645	13,603	20,733	24,899
Waste water management		538	1,384	1,000	692	1,307	1,215	938	631	1,092	1,092	1,230	415	11,535	14,908	12,479
Waste management		2,964	1,952	2,948	1,976	2,972	1,060	6,374	5,876	1,271	2,271	4,466	5,470	39,600	43,334	53,949
<i>Other</i>		147	196	212	98	114	165	104	96	119	119	139	122	1,630	2,071	2,297
Total Expenditure - Standard		128,299	140,399	155,099	86,199	101,899	123,669	96,879	88,529	104,509	105,989	123,390	448,395	1,703,255	1,855,105	1,984,263
Surplus/(Deficit) before assoc.		121,430	(49,065)	49,099	19,810	(4,932)	121,549	8,125	17,658	110,485	(6,106)	(18,202)	(313,815)	56,034	121,967	101,754
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	121,430	(49,065)	49,099	19,810	(4,932)	121,549	8,125	17,658	110,485	(6,106)	(18,202)	(313,815)	56,034	121,967	101,754

SUPPORTING TABLE SA 28 BUDGETED MONTHLY CAPITAL EXPENDITURE (MUNICIPAL VOTE)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - SECRETARY TO COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT		-	-	322	450	846	-	876	1,254	545	-	-	577	4,870	7,800	18,100
Vote 8 - TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - CORPORATE SERVICES		-	-	255	354	658	-	875	986	836	548	488	(0)	5,000	5,000	4,300
Vote 10 - FINANCIAL SERVICES		-	254	-	578	1,854	254	1,439	1,246	1,385	875	875	739	9,500	8,800	6,500
Vote 11 - TECHNICAL SERVICES		-	2,125	4,522	7,543	12,453	10,857	34,685	29,855	45,215	35,486	25,485	121,617	329,844	373,357	267,692
Vote 12 - COMMUNITY SERVICES		-	1,486	2,542	2,365	3,527	1,245	2,855	2,352	1,385	2,855	3,528	2,226	26,367	29,770	34,885
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & R		-	985	1,543	2,479	3,451	542	1,255	1,486	1,875	1,658	876	900	17,050	40,725	39,486
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	4,850	9,183	13,770	22,789	12,899	41,984	37,179	51,243	41,423	31,253	126,057	392,631	465,452	370,963
Single-year expenditure to be appropriated																
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - SECRETARY TO COUNCIL		-	-	254	352	-	-	243	-	-	-	-	0	850	-	-
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - CORPORATE SERVICES		-	-	385	126	185	-	258	135	-	-	-	0	1,090	-	-
Vote 10 - FINANCIAL SERVICES		-	-	125	75	-	-	-	-	-	-	-	0	200	-	-
Vote 11 - TECHNICAL SERVICES		-	3,543	6,985	12,453	11,548	2,352	13,855	14,855	12,536	15,285	9,856	11,138	114,407	83,164	179,575
Vote 12 - COMMUNITY SERVICES		-	-	2,453	3,125	4,252	897	2,352	1,254	1,352	1,245	1,385	824	19,140	4,570	-
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & R		-	1,254	2,352	3,257	2,152	235	1,356	897	769	978	-	0	13,250	-	8,000
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	4,796	12,555	19,388	18,138	3,484	18,064	17,140	14,657	17,509	11,242	11,963	148,937	87,734	187,575
Total Capital Expenditure	2	-	9,646	21,738	33,158	40,928	16,383	60,049	54,319	65,901	58,932	42,495	138,021	541,568	553,185	558,538

SUPPORTING TABLE SA 29 BUDGETED MONTHLY CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)

MP322 Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		–	679	1 344	1 793	2 228	894	2 981	1 681	1 483	2 211	1 466	6 210	22 970	21 318	24 835
Executive and council		–	–	254	352	–	–	243	–	–	–	–	(850)	–	–	–
Budget and treasury office		–	254	235	453	875	325	353	325	246	825	1 058	450	5 400	9 090	10 385
Corporate services		–	425	855	988	1 352	568	2 385	1 356	1 237	1 385	408	6 610	17 570	12 228	14 450
<i>Community and public safety</i>		–	1 839	4 699	8 206	9 070	3 474	9 523	6 944	6 540	5 093	3 888	(12 919)	46 357	34 680	66 605
Community and social services		–	1 352	1 585	3 585	3 865	1 255	3 568	2 543	1 352	1 425	1 488	14 360	36 380	26 570	56 110
Sport and recreation		–	–	1 459	2 352	1 352	524	869	1 366	1 235	842	–	(4 000)	6 000	3 500	7 000
Public safety		–	487	855	769	1 352	845	2 585	1 235	2 352	1 325	1 000	(8 829)	3 977	4 610	3 495
Housing		–	–	800	1 500	2 500	850	2 500	1 800	1 600	1 500	1 400	(14 450)	–	–	–
<i>Economic and environmental services</i>		–	4 852	7 829	13 958	10 911	11 354	17 000	17 810	25 817	16 598	13 568	74 468	214 166	209 630	120 895
Planning and development		–	–	1 245	1 600	2 459	854	1 200	1 325	1 235	1 353	1 028	6 050	18 350	15 075	24 736
Road transport		–	4 852	6 584	12 358	8 452	10 500	15 800	16 485	24 582	15 245	12 540	68 417	195 816	194 555	96 159
<i>Trading services</i>		–	9 857	18 895	24 648	22 795	9 342	30 276	32 067	29 535	23 606	22 154	34 900	258 075	287 558	346 203
Electricity		–	2 352	3 500	4 500	6 500	2 500	5 625	6 585	6 900	7 500	5 400	5 369	56 731	63 306	82 755
Water		–	5 400	12 000	15 245	10 251	5 362	16 500	17 469	15 800	12 500	14 254	6 207	130 989	148 563	166 983
Waste water management		–	1 254	1 895	2 355	3 685	895	5 785	6 758	4 250	2 352	2 500	19 023	50 755	58 703	74 679
Waste management		–	850	1 500	2 549	2 358	584	2 365	1 254	2 585	1 254	–	4 300	19 600	16 986	21 786
Total Capital Expenditure - Standard	2	–	17 227	32 768	48 605	45 004	25 065	59 779	58 503	63 375	47 508	41 076	102 659	541 568	553 185	558 538

SUPPORTING TABLE SA 30 BUDGETED MONTHLY CASH FLOW

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source													1		
Property rates	25,307	23,057	23,338	23,057	23,057	12,776	20,057	23,620	24,182	24,182	24,463	11,594	258,690	285,626	318,414
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	50,860	46,339	46,904	46,339	46,339	25,774	46,339	47,469	48,599	48,599	49,164	17,174	519,899	591,719	678,241
Service charges - water revenue	2,599	2,368	2,397	2,368	2,368	1,339	2,368	2,426	2,483	2,483	2,512	807	26,517	29,644	33,794
Service charges - sanitation revenue	1,542	1,405	1,422	1,405	1,405	888	1,405	1,439	1,474	1,474	1,491	414	15,764	17,852	20,063
Service charges - refuse revenue	5,203	4,741	4,798	4,741	4,741	2,683	4,741	4,856	4,972	4,972	5,030	1,711	53,188	59,969	68,623
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	192	218	197	275	10,997	298	298	527	2,978	481	275	6,174	22,910	25,327	26,963
Interest earned - external investments	3	-	-	1,204	3	-	903	1,075	-	-	1,075	37	4,301	4,430	4,516
Interest earned - outstanding debtors	1,632	1,504	1,430	990	1,339	1,119	2,567	2,292	1,779	1,852	1,302	532	18,339	20,173	22,190
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	228	348	180	191	206	273	195	243	131	318	187	1,242	3,742	4,117	4,488
Licences and permits	478	728	376	399	431	572	407	509	274	666	391	2,600	7,830	9,004	10,354
Agency services	-	-	-	-	24,935	-	20,260	7,558	7,325	4,987	10,441	2,416	77,921	85,713	85,713
Transfer receipts - operational	102,594	-	-	3,527	-	80,152	3,847	3,847	70,534	-	-	56,106	320,607	351,912	387,174
Other revenue	6,965	9,139	6,634	3,882	13,070	9,238	7,629	2,824	13,268	13,931	6,916	56,735	150,230	176,929	218,065
Cash Receipts by Source	197,603	89,846	87,676	88,377	128,890	135,110	111,015	98,686	177,998	103,945	103,248	157,543	1,479,939	1,662,416	1,878,598
Other Cash Flows by Source															
Transfer receipts - capital	-	-	-	-	-	-	-	-	-	-	-	248,523	248,523	283,093	205,065
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	121,500	121,500	163,935	73,961
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000	-	120,000
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	67,884	67,884	67,132	67,937
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	197,603	89,846	87,676	88,377	128,890	135,110	111,015	98,686	177,998	103,945	103,248	695,450	2,017,846	2,176,576	2,345,561

Cash Payments by Type															
Employee related costs	29,767	33,218	34,512	33,218	34,512	36,238	37,532	40,120	40,120	36,238	40,552	22,433	418,458	478,140	517,716
Remuneration of councillors	1,508	1,508	1,569	1,569	1,549	1,569	2,112	1,649	1,629	1,669	1,629	1,750	19,709	20,694	21,729
Finance charges	84	2,614	422	84	548	10,964	2,867	2,910	2,994	1,265	590	14,717	40,060	39,846	56,183
Bulk purchases - Electricity	26,917	61,526	49,990	23,841	28,071	3,461	24,610	22,688	28,071	32,685	27,302	21,540	350,702	400,650	451,139
Bulk purchases - Water & Sewer	281	281	281	281	281	281	281	281	281	281	281	281	3,375	3,847	4,386
Other materials	1,282	1,611	2,203	2,794	2,827	2,926	2,334	2,301	3,616	2,466	2,005	4,866	31,232	35,917	38,072
Contracted services	2,158	3,471	23,379	14,027	13,488	14,927	7,733	9,891	19,782	12,768	11,689	37,532	170,846	185,750	195,779
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2,577	4,144	27,913	16,748	16,103	17,821	9,233	11,809	23,618	15,245	13,956	60,692	219,859	222,237	230,053
Cash Payments by Type	64,575	108,373	140,267	92,563	97,380	88,186	86,702	91,649	120,112	102,617	98,005	163,810	1,254,240	1,387,081	1,515,057
Other Cash Flows/Payments by Type															
Capital assets	-	17,227	33,768	49,605	46,004	25,065	61,779	29,503	34,375	37,508	41,076	139,523	515,432	534,375	544,886
Repayment of borrowing	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	16,624	107,936	119,024
Other Cash Flows/Payments	10,556	10,556	10,556	10,556	10,556	10,556	10,556	10,556	10,556	10,556	10,556	25,555	141,667	73,004	79,740
Total Cash Payments by Type	76,516	137,541	185,976	154,109	155,325	125,191	160,423	133,093	166,428	152,066	151,022	330,273	1,927,962	2,102,396	2,258,707
NET INCREASE/(DECREASE) IN CASH HELD	121,088	(47,695)	(98,300)	(65,731)	(26,435)	9,919	(49,407)	(34,407)	11,570	(48,121)	(47,773)	365,177	89,884	74,180	86,854
Cash/cash equivalents at the month/year begin:	42,418	163,505	115,811	17,511	(48,221)	(74,655)	(64,736)	(114,143)	(148,551)	(136,981)	(185,102)	(232,875)	42,418	132,301	206,481
Cash/cash equivalents at the month/year end:	163,505	115,811	17,511	(48,221)	(74,655)	(64,736)	(114,143)	(148,551)	(136,981)	(185,102)	(232,875)	132,301	132,301	206,481	293,335

MP322 Mbombela - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
TEDCOR PTY (LTD)			REFUSE REMOVAL		8 600
SEMPCORP SILULUMANZI			WATER & SEWERAGE CONCESSION	31-10-2029	
ECO EYE WASTE MANAGEMENT			LAND FILL SITE	30-06-2014	10 608

SUPPORTING TABLE SA 34a CAPITAL EXPENDITURE ON NEW ASSETS BY ASSET CLASS

MP322 Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		219 266	361 812	115 184	178 575	172 392	172 392	276 314	267 949	224 562
Infrastructure - Road transport		46 677	189 223	31 292	30 245	42 615	42 615	115 409	112 421	35 120
<i>Roads, Pavements & Bridges</i>		46 677	189 223	31 292	30 245	42 615	42 615	115 409	112 421	35 120
Infrastructure - Electricity		65 741	65 741	31 030	32 389	35 389	35 389	39 060	23 000	22 101
<i>Generation</i>		–	–	–	500	500	500	–	–	–
<i>Transmission & Reticulation</i>		65 741	65 741	31 030	28 489	31 489	31 489	38 560	20 500	17 600
<i>Street Lighting</i>		–	–	–	3 400	3 400	3 400	500	2 500	4 501
Infrastructure - Water		28 902	28 902	11 032	64 041	42 488	42 488	58 750	43 758	92 268
<i>Water purification</i>		–	–	–	20 000	20 000	20 000	–	–	–
<i>Reticulation</i>		28 902	28 902	11 032	44 041	22 488	22 488	58 750	43 758	92 268
Infrastructure - Sanitation		16 956	16 956	643	30 000	30 000	30 000	25 755	48 570	58 520
<i>Reticulation</i>		16 956	16 956	643	30 000	30 000	30 000	25 755	48 570	58 520
Infrastructure - Other		60 990	60 990	41 186	21 900	21 900	21 900	37 340	40 200	16 553
<i>Waste Management</i>		4 917	4 917	939	–	–	–	7 600	4 150	3 200
<i>Other</i>	3	56 073	56 073	40 246	21 900	21 900	21 900	29 740	36 050	13 353
<u>Community</u>		440 760	440 760	–	12 500	6 000	6 000	12 377	9 570	8 995
Parks & gardens		441	441	–	–	–	–	–	–	–
Sportsfields & stadia		419 523	419 523	–	–	–	–	–	–	–
Community halls		–	–	–	3 000	3 000	3 000	3 000	4 500	5 000
Recreational facilities		–	–	–	–	–	–	270	–	500
Fire, safety & emergency		2 355	2 355	–	–	–	–	8 260	4 710	3 295
Security and policing		–	–	–	–	–	–	397	360	200
Museums & Art Galleries		62	62	–	3 000	3 000	3 000	–	–	–
Cemeteries		–	–	–	–	–	–	450	–	–
Other		18 380	18 380	–	6 500	–	–	–	–	–

Other assets		50 807	50 807	482	21 131	5 814	5 814	-	-	-
General vehicles		8 472	8 472							
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Furniture and other office equipment		329	329	482	-	-	-	-	-	-
Other		42 006	42 006		21 131	5 814	5 814	-	-	-
Intangibles		-	-	-	500	500	500	-	-	-
Computers - software & programming					500	500	500			
Total Capital Expenditure on new assets	1	710 834	853 380	115 665	212 705	184 706	184 706	288 691	277 519	233 557

SUPPORTING TABLE SA 34B CAPITAL EXPENDITURE ON RENEWAL OF EXISTING ASSET BY ASSET CLASS

MP322 Mbombela - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		–	–	185 581	382 405	324 454	324 454	244 639	263 663	312 359
Infrastructure - Road transport		–	–	35 293	189 654	193 743	193 743	60 700	73 825	67 986
<i>Roads, Pavements & Bridges</i>				33 391	189 654	193 743	193 743	57 700	69 675	63 986
<i>Storm water</i>				1 902	–	–	0	3 000	4 150	4 000
Infrastructure - Electricity		–	–	17 650	48 288	6 574	6 574	14 300	40 899	59 650
<i>Transmission & Reticulation</i>				17 650	48 288	6 574	6 574	14 300	40 899	59 650
Infrastructure - Water		–	–	65 414	73 449	66 610	66 610	72 514	120 127	146 633
<i>Water purification</i>					25 218	27 890	27 890	–	–	–
<i>Reticulation</i>				65 414	48 231	38 720	38 720	72 514	120 127	146 633
Infrastructure - Sanitation		–	–	51 521	58 697	57 526	57 526	7 600	4 112	6 040
<i>Reticulation</i>				51 521	49 197	48 026	48 026	7 600	4 112	6 040
<i>Sewerage purification</i>					9 500	9 500	9 500	–	–	–
Infrastructure - Other		–	–	15 703	12 316	–	–	89 525	24 700	32 050
<i>Waste Management</i>				15 703	–	–	–	7 700	7 400	7 600
<i>Other</i>	3				12 315 715			81 825	17 300	24 450
<u>Community</u>		–	1	–	10 700	5 800	5 800	9 230	9 720	10 090
Sportsfields & stadia					10 700	5 800	5 800	2 100	4 000	2 000
Community halls					–	–	–	1 500	2 000	2 000
Libraries					–	–	–	500	150	190
Recreational facilities					–	–	–	300	500	600
Fire, safety & emergency					–	–	–	4 500	2 700	5 000
Security and policing					–	–	–	250	280	300
Other			1		500 000	–	–	80	90	
<u>Other assets</u>		–	–	–	31 300	20 636	20 636	–	–	–

Other		-	-	-	31 300	20 636	20 636	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	1	185 581	424 405	350 890	350 890	253 869	273 383	322 449
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	61.6%	66.6%	65.5%	65.5%	46.8%	49.6%	58.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	65.3%	120.4%	122.9%	122.9%	88.0%	94.1%	110.1%

SUPPORTING TABLE SA 34C REPAIRS AND MAINTENANCE BY ASSET CLASS

MP322 Mbombela - Supporting Table SA34c Repairs and maintenance expenditure by asset class

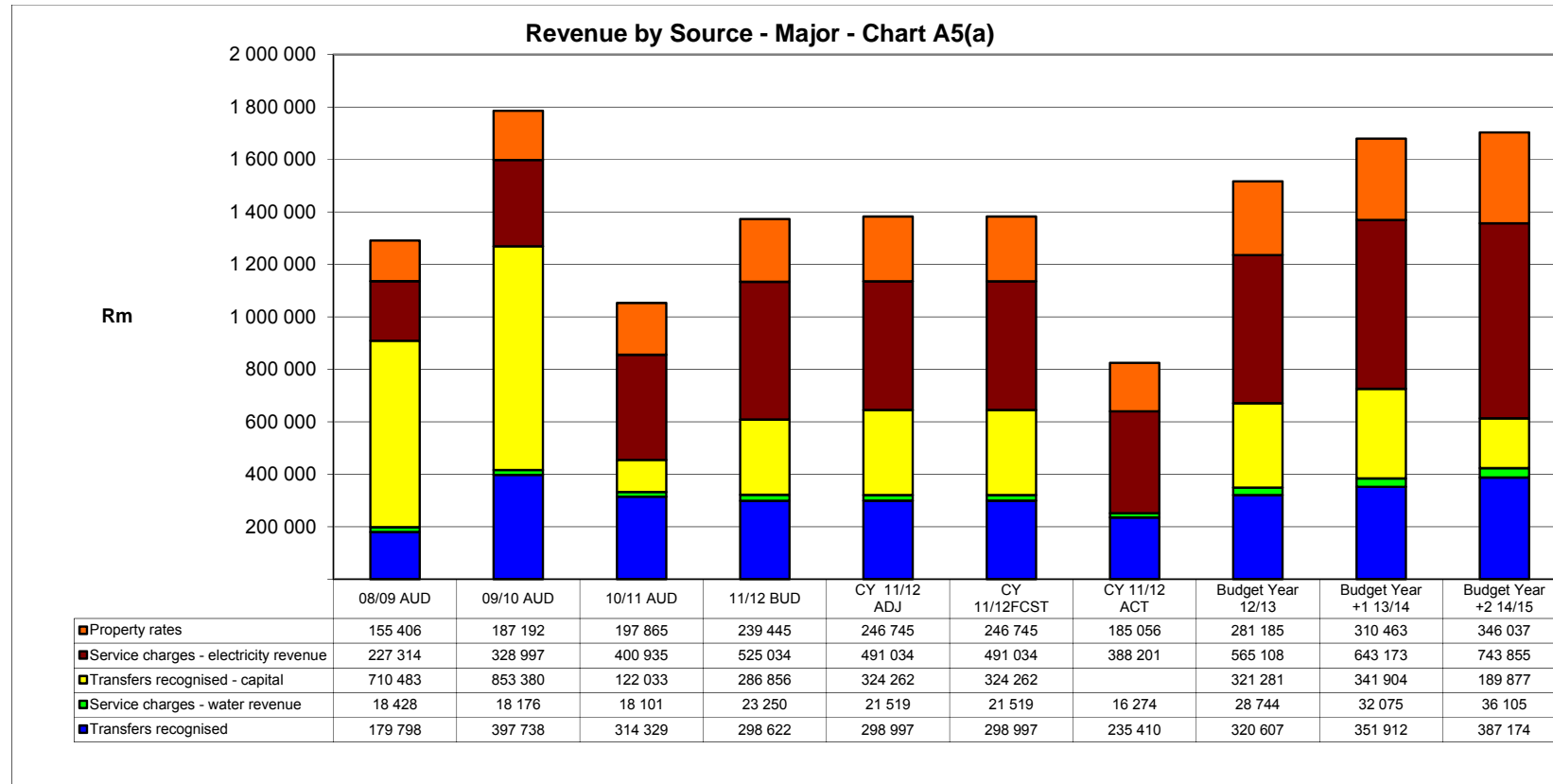
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		84 579	107 397	107 890	107 945	111 665	111 665	117 981	129 345	140 535
Infrastructure - Road transport		29 058	48 307	49 950	43 181	42 445	42 445	36 842	40 883	42 677
<i>Roads, Pavements & Bridges</i>		17 212	34 949	35 424	29 241	33 533	33 533	27 330	29 900	31 124
<i>Storm water</i>		11 846	13 358	14 525	13 941	8 913	8 913	9 513	10 983	11 554
Infrastructure - Electricity		25 738	25 046	22 742	22 614	25 106	25 106	29 027	31 099	33 120
<i>Generation</i>		14 630	13 594	16 269	15 362	18 425	18 425	21 524	23 125	25 451
<i>Street Lighting</i>		11 109	11 452	6 473	7 252	6 681	6 681	7 503	7 973	7 669
Infrastructure - Water		13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
<i>Water purification</i>		13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
Infrastructure - Sanitation		10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
<i>Sewerage purification</i>		10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
Infrastructure - Other		5 830	9 824	11 989	13 976	13 407	13 407	15 417	16 399	18 431
<i>Waste Management</i>		4 985	8 400	9 816	10 452	11 255	11 255	12 542	13 525	14 979
<i>Other</i>	3	846	1 424	2 173	3 524	2 152	2 152	2 875	2 875	3 452
<u>Community</u>		10 150	14 307	16 455	21 415	24 356	24 356	28 076	30 533	40 919
Parks & gardens		235	288	312	312	345	345	525	613	6 352
Sportsfields & stadia		3 453	5 829	4 429	4 625	4 725	4 725	4 822	4 985	5 125
Swimming pools		215	352	255	353	425	425	525	652	625
Community halls		125	85	125	98	121	121	92	96	101
Libraries		562	658	679	855	898	898	985	945	986
Recreational facilities		125	155	190	193	185	185	215	235	2 435
Fire, safety & emergency		322	390	398	406	524	524	895	1 253	1 353
Security and policing		2 352	2 352	5 285	7 525	9 854	9 854	12 352	13 525	14 254
Cemeteries		1 235	2 352	3 254	3 525	3 652	3 652	3 852	4 013	5 125

Other		1 525	1 845	1 529	3 525	3 625	3 625	3 812	4 216	4 563
Other assets		4 303	9 387	6 835	6 274	7 278	7 278	7 588	9 082	9 261
Plant & equipment		2 452	4 273	1 500	2 521	2 542	2 542	2 752	2 985	3 052
Furniture and other office equipment		425	735	288	228	194	194	206	268	308
Civic Land and Buildings		1 425	4 379	5 048	3 525	4 542	4 542	4 630	5 829	5 901
Total Repairs and Maintenance Expenditure	1	99 032	131 091	131 180	135 634	143 299	143 299	153 645	168 961	190 715
<i>R&M as a % of PPE</i>		<i>1.8%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>2.7%</i>	<i>2.9%</i>	<i>3.1%</i>
<i>R&M as % Operating Expenditure</i>		<i>8.9%</i>	<i>10.1%</i>	<i>9.1%</i>	<i>8.5%</i>	<i>9.2%</i>	<i>9.2%</i>	<i>9.0%</i>	<i>9.1%</i>	<i>9.6%</i>

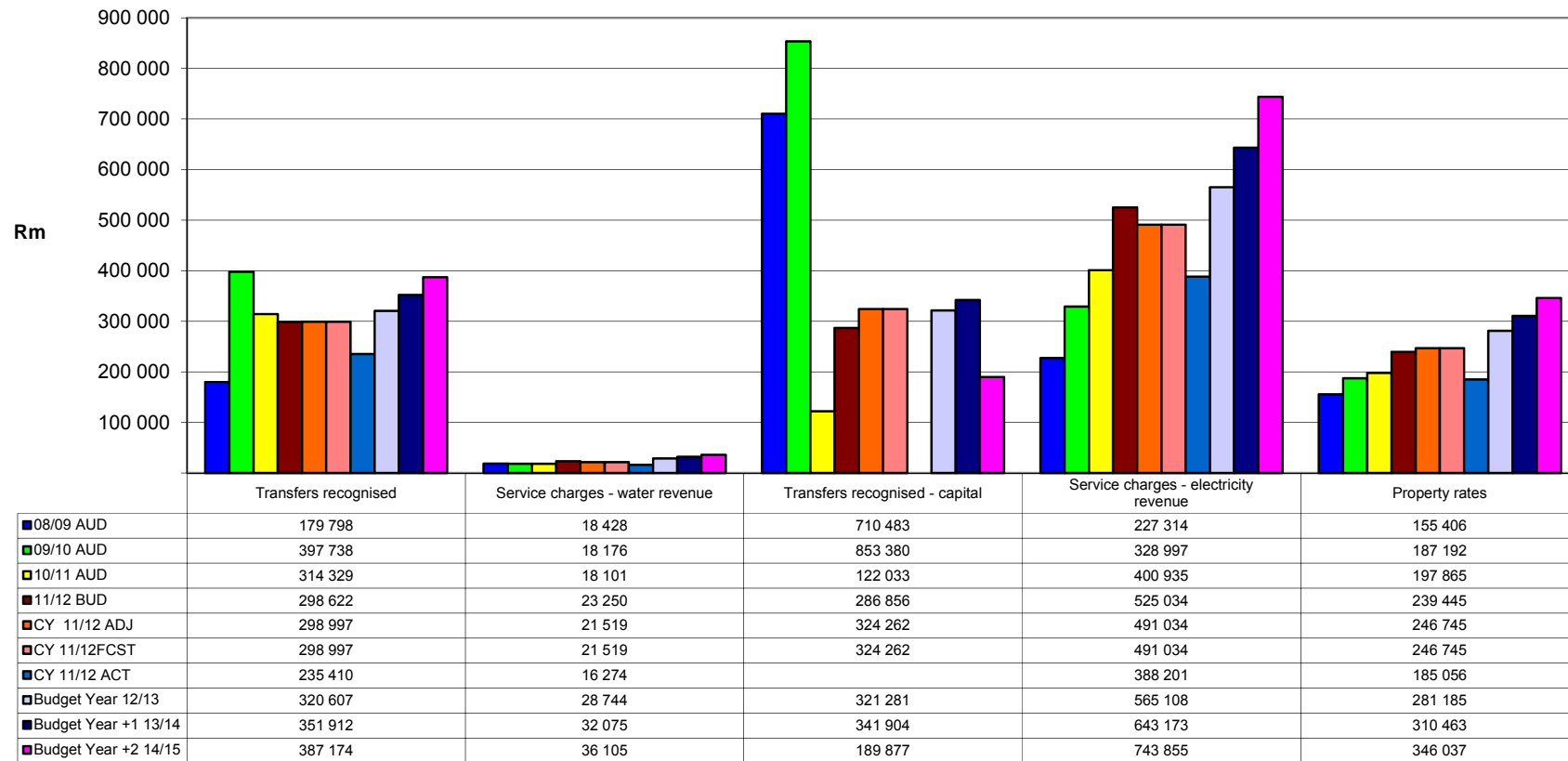
SUPPORTING TABLE SA 34d DEPRECIATION BY ASSET CLASS

MP322 Mbombela - Supporting Table SA34d Depreciation by asset class

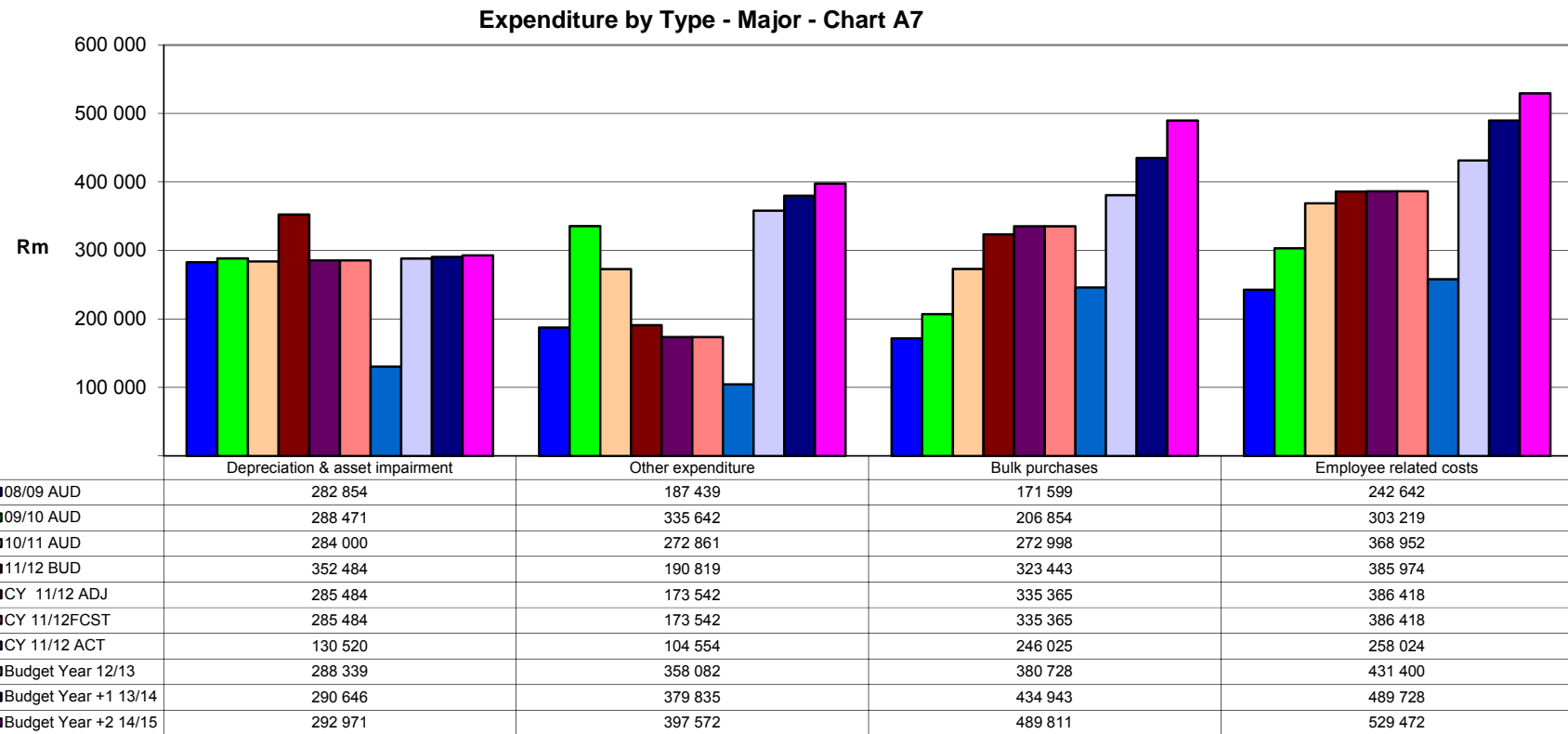
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Depreciation by Asset Class/Sub-class</u>										
Infrastructure		262 938	193 151	270 647	305 693	252 093	252 093	252 349	252 394	254 381
Infrastructure - Road transport		175 252	142 351	195 425	212 540	165 640	165 640	167 626	160 892	161 965
<i>Roads, Pavements & Bridges</i>		175 252	142 351	195 425	212 540	165 640	165 640	167 626	160 892	161 965
Infrastructure - Electricity		33 525	19 855	22 152	23 396	23 396	23 396	22 928	24 762	25 010
<i>Transmission & Reticulation</i>		33 525	19 855	22 152	23 396	23 396	23 396	22 928	24 762	25 010
Infrastructure - Water		22 854	16 525	36 452	44 412	37 712	37 712	36 958	39 914	40 314
<i>Reticulation</i>		22 854	16 525	36 452	44 412	37 712	37 712	36 958	39 914	40 314
Infrastructure - Sanitation		28 954	13 525	15 363	23 899	23 899	23 899	23 421	25 295	25 548
<i>Reticulation</i>		28 954	13 525	15 363	23 899	23 899	23 899	23 421	25 295	25 548
Infrastructure - Other		2 352	895	1 255	1 446	1 446	1 446	1 417	1 531	1 546
<i>Waste Management</i>		2 352	895	1 255	1 446	1 446	1 446	1 417	1 531	1 546
Community		19 916	3 741	13 353	46 792	33 392	33 392	35 990	38 252	38 590
Parks & gardens										
Sportsfields & stadia		9 563	3 741	12 535	39 503	26 103	26 103	25 581	27 628	27 340
Fire, safety & emergency				817	2 688	2 713	2 713	5 925	5 782	6 359
Other		10 353			4 600	4 575	4 575	4 484	4 842	4 891
Total Depreciation	1	282 854	196 892	284 000	352 484	285 484	285 484	288 339	290 646	292 971

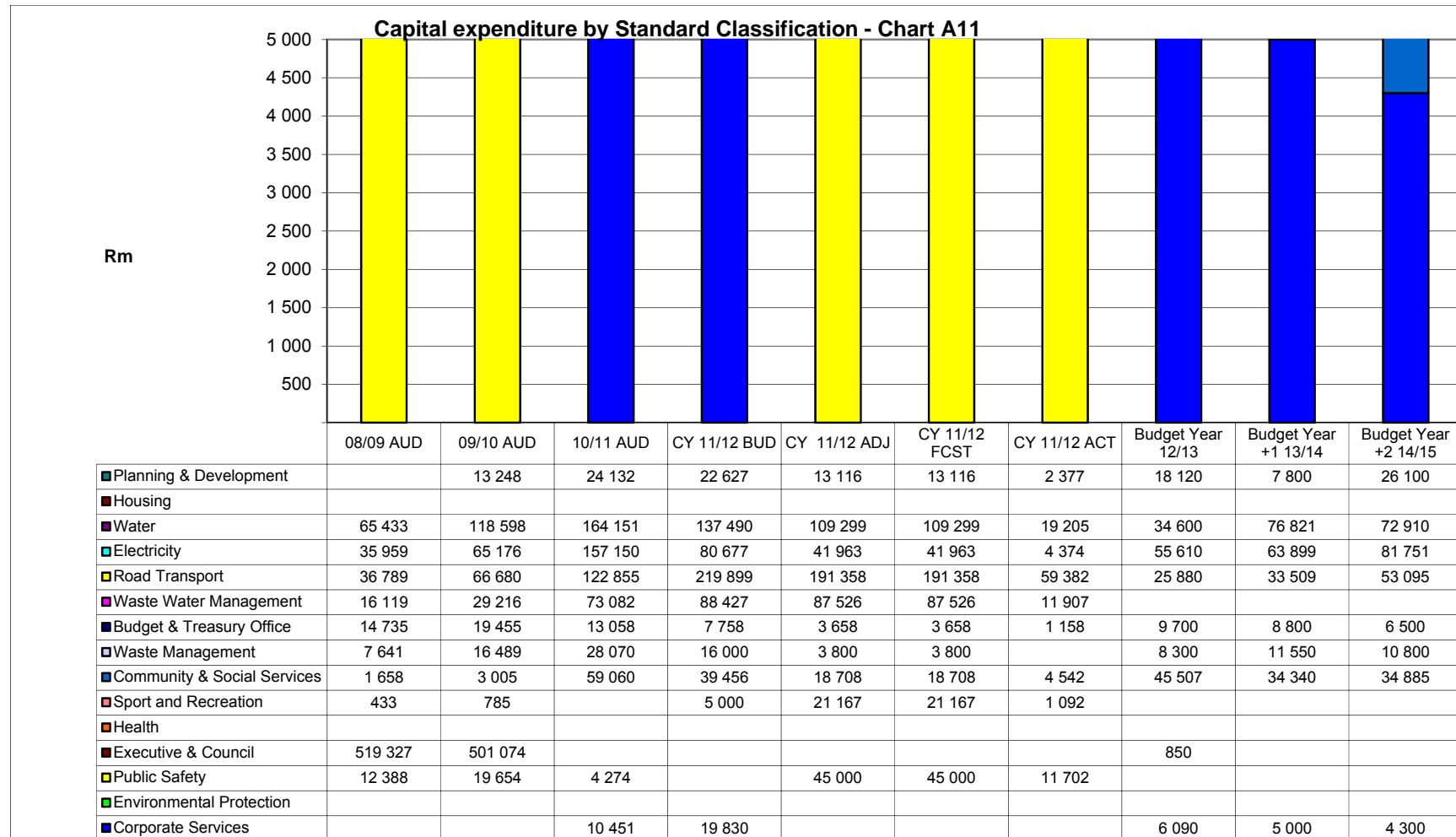
OTHER SUPPORTING DOCUMENTS (GRAPHS)

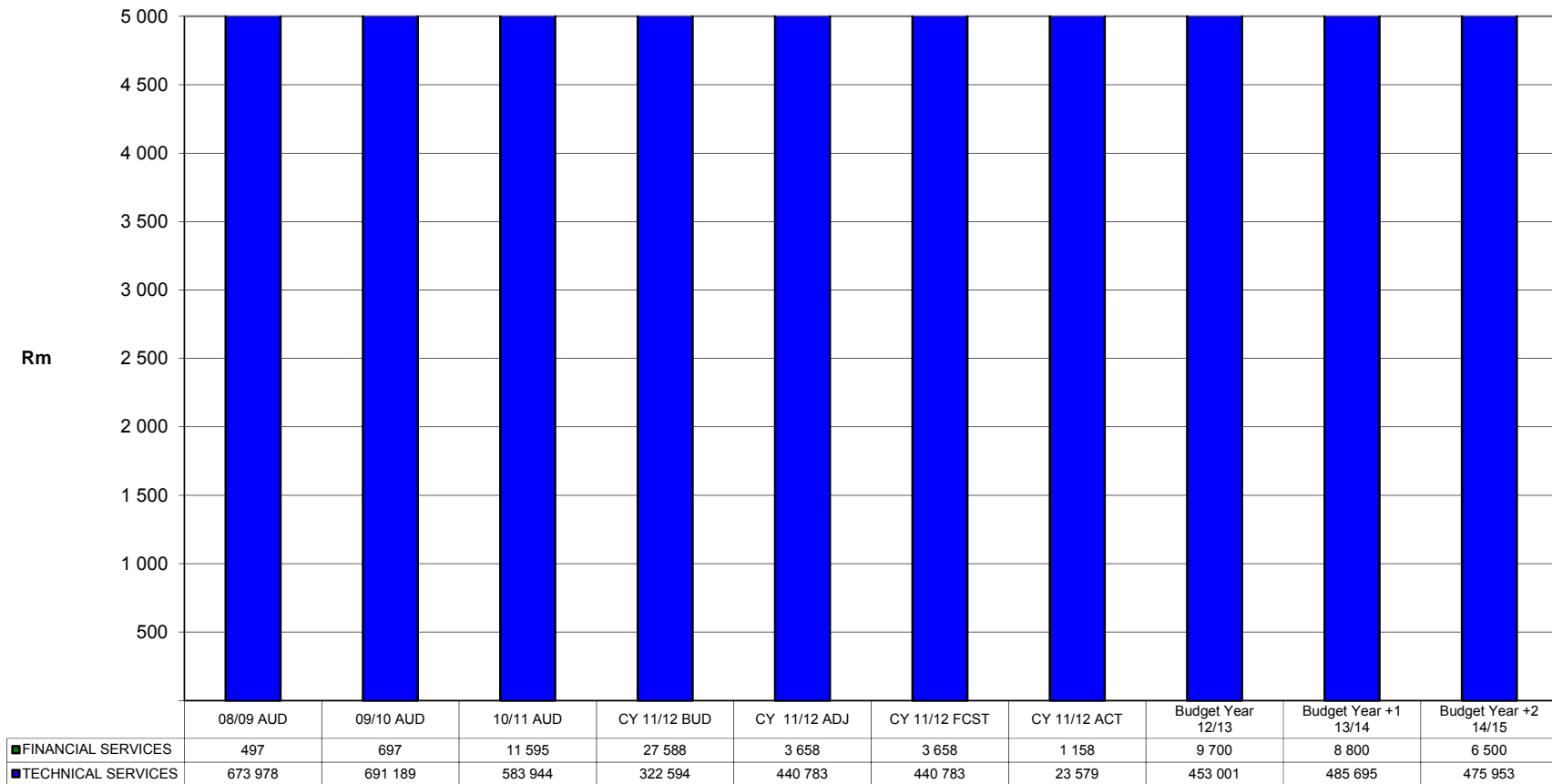
Revenue by Source - Major - Chart A5(b) - source trend

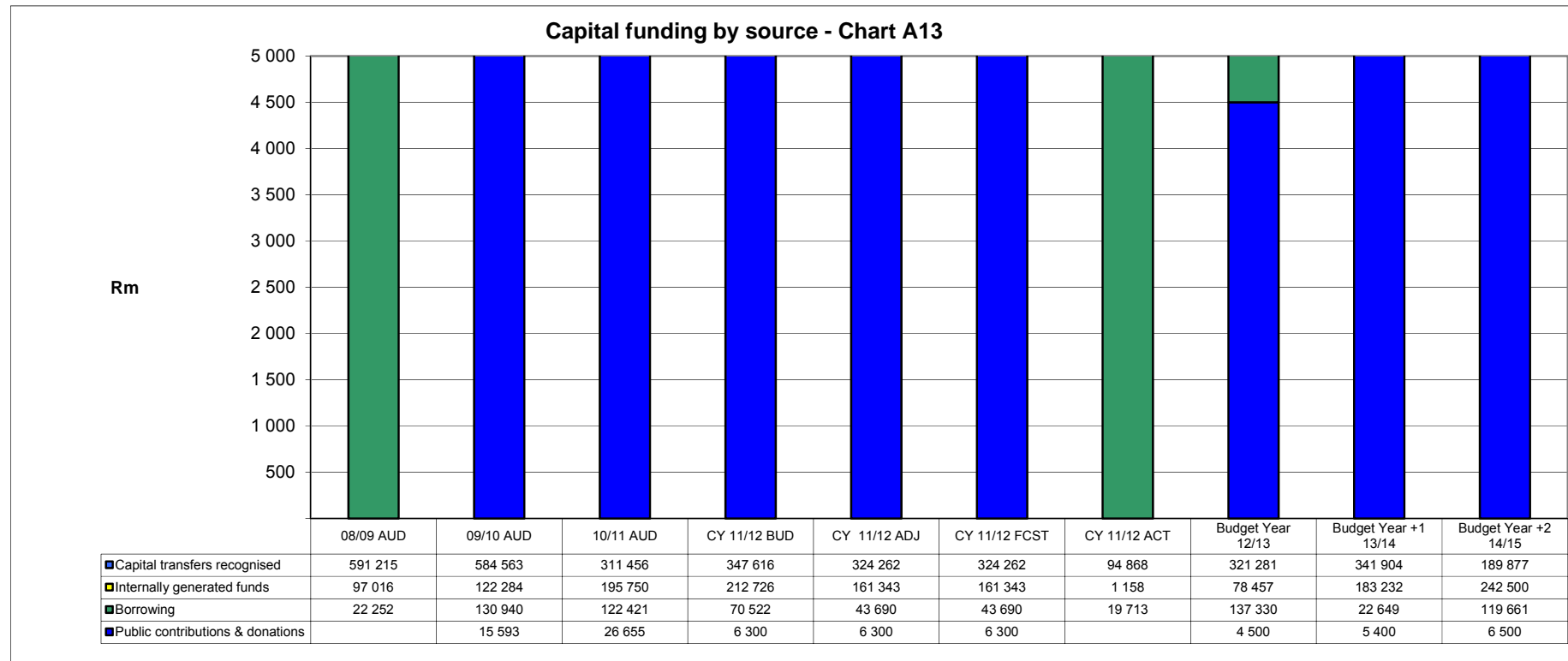


EXPENDITURE BY MAJOR TYPE



CAPITAL BUDGET PER FUNDING SOURCE

Capital expenditure by Municipal Vote (Major) - Chart A9



2.7 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.7.1 In-year reporting

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

2.7.2 Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed from August 2010 and the remaining two are still part of the programme. Since the introduction of the Internship programme the Municipality has successfully trained 33 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Vodacom, SARS, Auditor General, and Provincial Treasury.

2.7.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

2.7.4 Audit Committee

An Audit Committee has been established and is fully functional.

2.7.5 Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2012/13 MTREF in May 2011 directly aligned and informed by the 2012/13 IDP and budget.

2.7.6 Annual Report

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

2.7.7 Municipal Finance Management Act Training

The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

2.7.8 Policies

All budget-related policies mentioned earlier have been tabled together with the approved budget before council on 31 May 2012, under item A(2).

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Municipal Manager of Mbombela Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Mbombela Local Municipality (MP322)

Signature _____

Date _____